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NOVEMBER 1982/VOL. 14, NO. 7

reason

Free Minds and Free Markets

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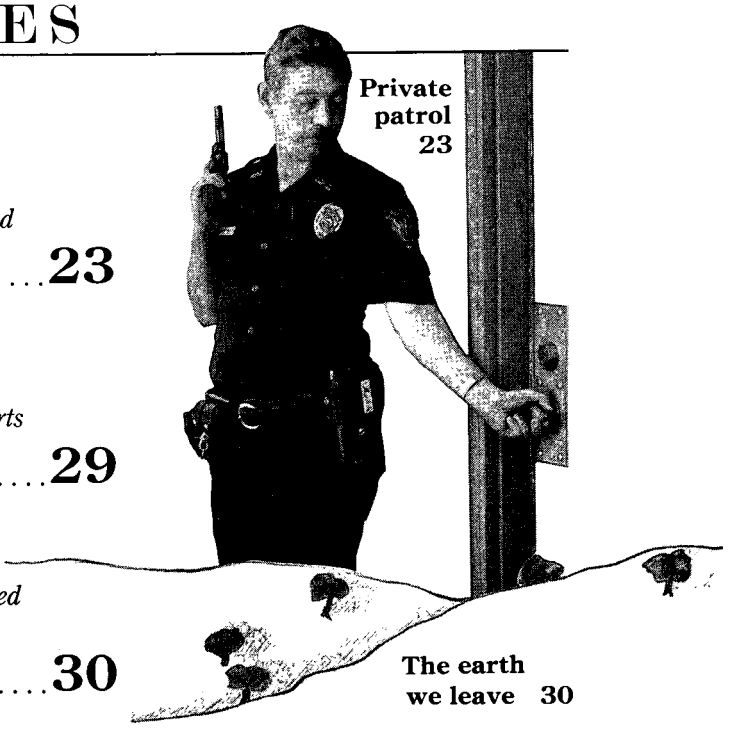

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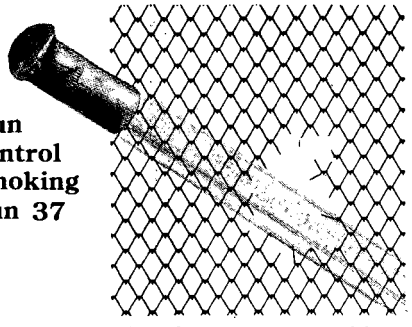

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NOTEs

This month's cover story on police forces run by private, profit-making firms started out with a newspaper clipping sent in by an Ohio subscriber. Six years ago Bob Poole had looked into Scottsdale, Arizona's private fire department and written up the story for REASON (May 1976). Since Bob had kept in touch with the people at Rural/Metro Fire Department, Inc., he knew they had gotten involved in police work in a town in Arizona. So when we got the tip about a private police force in Ohio, we decided it was time to put a reporter onto the story to see how it works and what kind of opposition and objections these entrepreneurs face. Our investigator is Tad Gage, who covered St. Louis's private streets for our August 1981 issue.

—M. Z.

Another journalism award has come REASON's way. Our June article on aircraft collision avoidance systems and the FAA, written by pilot John Doherty, has been given the *Washington Monthly*'s June 1982 Journalism Award. The award is presented each month to the best newspaper or magazine article that "describe[s] how the political system really works,. . . why it succeeds, and why it fails." Congratulations, John.

Sometimes it's fun to say "We told you so." That's an experience we're having with increasing frequency here at REASON. In our January 1979 cover story on air safety, for example, we blamed the air traffic control system for the September 1978 midair collision between a light plane and a PSA 727 over San Diego. We got some angry letters over that one, pointing out that the official government finding was that pilot error was responsible. Well, in August the National Transportation Safety Board amended its original report, saying that faulty air traffic control procedures as well as crew error caused the accident.

Our October 1980 cover story pinpointed the blame for the Three Mile Island accident: faulty human factors design of the control room. That conclusion has now come to be the conventional wisdom on the subject, most recently reviewed in Andrew Pollack's "Technology" column in the *New York Times.*

Two of our more recent ideas are also picking up support. The *Wall Street Journal* reported on July 28 that Dr. John Bryant, the chief of the US delegation to the World Health Assembly in Geneva, has changed his mind on the idea that infant formula marketing practices overseas cause mothers to give up breastfeeding. During the WHO debate on a marketing code, Bryant asserted the conventional position. But now he says, "The rigid set of rules was based on scanty and not very convincing evidence that the marketing of formula contributes to the ill health of children"—exactly the point of our December 1981 analysis of the subject.

Finally, we note that California GOP gubernatorial candidate George Deukmejian has picked up another REASON idea: prisoners should work and pay for their upkeep (see "Making Good(s) Behind Bars," March). One of the major causes of recidivism, says Deukmejian, is that prisoners "have failed to develop a work ethic." He's proposing a prison work incentive program to attempt to do just that—and save the taxpayers money.

My travels in August and September took me far afield. In Memphis, I met with city officials concerned about the survival of the municipal transit system and made the case for deregulation and privatization, a case I repeated several weeks later to an enthusiastic audience in Denver. In both cities I also appeared on several radio and TV talk shows and was interviewed by the local newspapers. Shortly after my Memphis visit, the city legalized a private Dial-a-Van service whose application has been pending for many months and was subject to some controversy.

I also traveled to Zurich to attend the founding convention of Libertarian International, a coordinating group for freedom-oriented think tanks and political groups in more than a dozen countries (thus far).

What next?? First there was the attempt by the City of Oakland to use eminent domain to seize the Oakland Raiders football team and prevent it from moving to Los Angeles (see last month's issue). Now comes a report from Midland, Pennsylvania, that an activist group is trying to get the city to use eminent domain to seize a Colt Industries steel mill that the company wants to shut down. If this keeps up, maybe people will start questioning the entire concept of eminent domain.

—R. P.

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Recent Additions

PHILOSOPHY: WHO NEEDS IT? by Ayn Rand. hd, 256p. $15.95. Taken largely from "The Ayn Rand Letter," none of these essays has been published before in book form. Rand teaches the reader how to identify the hidden philosophic premises at work in his own being and how to evaluate those premises as rational or irrational.

THE BENEFITS AND HAZARDS OF THE PHILOSOPHY OF AYN RAND: A Personal Statement, by Nathaniel Branden. Cassette tape, 90 min. $14.95. For many years Dr. Branden was the closest associate of Ayn Rand. This is his most recent evaluation of Rand and her philosophy of Objectivism.

THOMAS SZASZ: Primary Values and Major Contentions. ed., R. E. Vatz and L. S. Weinberg. 325p. $9.95/$18.95. America's most controversial psychiatrist captured in selected essays and excerpts that illustrate his value system. The distilled essence of the remarkable Szasz in a single, vibrant, well-organized volume.

THE FREE MARKET CALENDAR FOR 1983. 11" x 15" $5.95. Quotations on economic freedom and individual liberty by Hayek, Mises, Szasz, etc. To help you to stay on schedule in the fight against the State.

SWEET LAND OF LIBERTY? The Supreme Court and Individual Rights, by Henry Mark Holzer. hd, 224p. $14.95. The Constitution's promise to protect individual rights is sabotaged by its supposed guardian, the Supreme Court. Prof. Holzer exposes the collectivist premises underlying some sixty major cases and the resulting statism.

SOCIAL SECURITY: Averting the Crisis, by Peter J. Ferrara. qpb, 160p. $5.95. A summary on how the Social Security System has been established and maintained by deceit. Includes a detailed presentation on how to get out of this bankrupt scheme.

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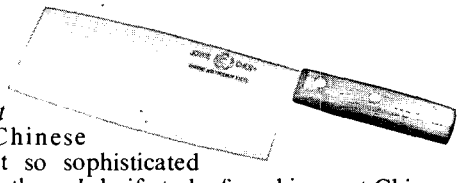
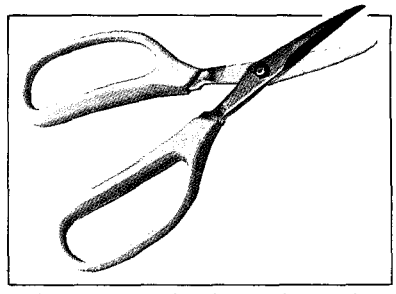
All-In-One Knife



First off, this is *not* a cleaver. It's a Chinese knife—an implement so sophisticated and versatile that it is the *only* knife to be found in most Chinese kitchens. It is the ideal tool for slicing, shredding, mincing or chopping and is so well balanced that it can be wielded in a variety of ways (an illustrated folder shows how) with surprisingly little effort. We are offering an improved version of the traditional Chinese knife made to the exacting specifications of Joyce Chen. The knife blade is made of chrome molybdenum steel, which gives you a long-lasting sharp edge that will not stain or rust; the non-slip hardwood handle is riveted to a full tang. This knife costs **$25.00** ($2.95) #A410.

The World's Most Sensible Scissors

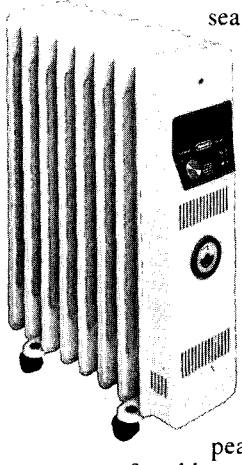


Most scissors are built backwards, with long blades and tiny handles. But if you want to exert leverage, you need large hand grips (so more of your hand goes into operating the scissor) and relatively short blades (so you can maintain full cutting pressure along their entire length). Finally a pair of scissors has come along reflecting these basic physical facts. The generously large flexible plastic handles accommodate most of your hand (4 fingers of a man's hand) and fit a right or lefthanded person equally well. The blades are made of high carbon tool steel (for sharpness and strength) and are chrome finished (for protection from staining). They are marketed primarily as gourmet kitchenware and they are superb in that role. The tapered points let you get into small places cutting chicken, fish, lobster shells, small bones and so forth. But these scissors are much too sensible and flexible to be confined to the kitchen. They are equally at home in the workshop, garden, office or hobby center. These Joyce Chen scissors cost **$13.00** ($1.95) #A411 a pair.

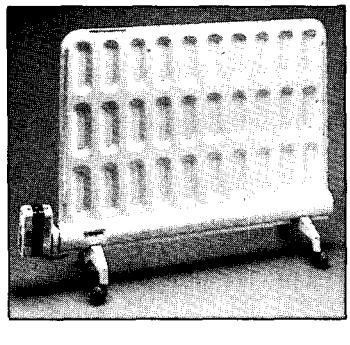
Dust Magnet

If we ever compile a book on *The Old Ways That Were Better Ways,* we will certainly include a chapter on the lambswool duster. This remarkable implement originated, the best we can tell, in 19th-century England where it quickly put the feather-duster to shame. On its own it actually attracts and holds dust like a magnet. The static charge in the lambswool causes dust literally to leap off surfaces where it has accumulated, making this just the thing for dusting bric-a-brac, china, crystal, pictures and other fragile items. When soiled, just wash it in warm soapy water. Let it dry, fluff it out and store it, hanging from a conveniently located hole at the end of its handle. A 20″ authentic lambswool duster is **$8.00** ($1.95) #A163.

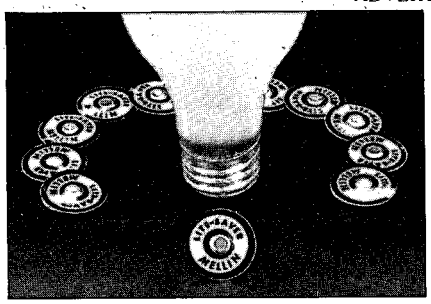
Heat Where You Need It



We've tried many different space heaters in search of the best combination of safety, economy and heating efficiency. The two portable oil-filled radiators presented here won our favor for many reasons, especially safety. There are no exposed flames, they do not get overly hot (making them suitable even for a child's room), and they emit no fumes or odors. They are filled with a special oil that heats up quickly, cools down slowly and never needs replacing. Both styles have easy roll wheels for room-to-room portability and a built-in thermostat that responds to changing room temperatures. When functioning as a supplement to your central heating system these European-made heaters can make your home more comfortable and much more energy efficient. The **DeLonghi** heater, shown at left, has a feature not common to most space heaters—*an automatic timer. You can program it to go on and off in 15 minute intervals day or night.* For example, set it to go off a few minutes before you wake in the morning so your bathroom or bedroom has started to warm before you get up! This unit has three heat settings (600w, 900w, 1,500w) and provides a maximum of 5,100 BTUs. The DeLonghi comes in a neutral oyster color, weighs 38 lbs and is UL listed. This model with automatic timer is *not generally available in retail stores* and costs **$150.00** ($12.95) #A485. An identical model without the timer costs **$140.00** ($12.95) #A487. The **Dimplex** panel radiator offers an unusual, yet attractive contemporary design. The large heating surface of the panel provides an ideal balance of half radiant and half convected heat—no energy is wasted. The unit draws a maximum of 750 watts and produces 2559 BTUs. It's 31½″ long x 23½″ high and comes in two colors: bronze #A563 or white #A562. The Dimplex radiators cost **$150.00** ($12.95) each.

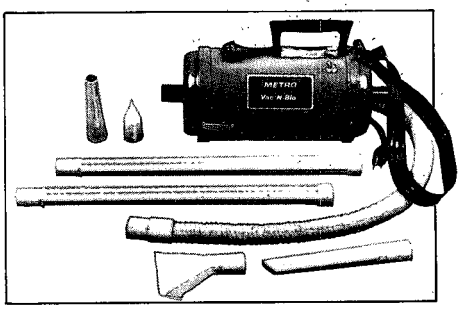


Lite Savers

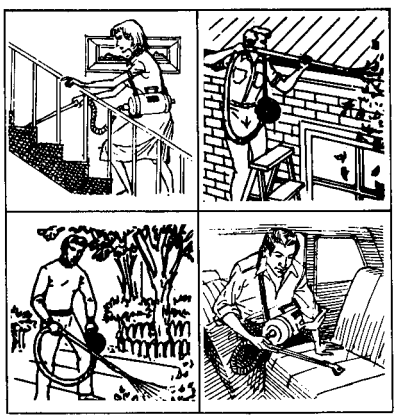


If you're tired of climbing ladders and getting into precarious (often dangerous) positions to change an out of the way light bulb then you should know about Mellin Lite-Savers. Adhered to the base of any *one way* bulb the Lite-Savers can extend bulb life from 50 to 100 times! Just think of the money saved in light bulbs! Most bulbs have a rated life of 750 hours or 32 days if used continuously. With Lite-Savers your bulbs will burn up to 75,000 hours or about eight years if used 24 hours a day. They're ideal for hallways, staircases, or anyplace where replacing light bulbs is a time consuming nuisance. You'll notice that Lite-Savers reduce light output so you may want to increase bulb wattage. They're safe, dependable and install quickly and easily with any one way bulb. The manufacturer offers a limited eight year warranty. We offer the Lite-Savers in a package of 6 for **$17.00** ($1.95) #A548 or 12 for **$27.00** ($2.95) #A549.

All Purpose Vac-N-Blo



When it comes to stairs, cars, garages and outdoor uses the conventional vacuum cleaner loses much of its portability. Here is a different breed of indoor/outdoor vacuum. The Metro Vac-n-Blo slips right over your shoulder, weighs less than 10 pounds and will go practically anywhere. Attach to one end and you have a vacuum with suction stronger than some full size canister machines. Attach to the other end and you have a 200 mph blower for cleaning walks and gutters and other outdoor jobs (there's even an adapter for blowing up inflatables). The Vac-n-Blo unit is made of steel with a permanent cloth bag and comes with a 3' flexible hose, 2-20" extension wands and 4 interchangeable nozzles. You will need to supply an extension cord. This UL listed Vac-n-Blo costs **$83.00** ($6.95) #A512. The American manufacturer supplies a one-year warranty. For more convenient indoor use, there is a conversion kit with a 3-wheel rollaround dolly, 3' flexible extension hose, dusting brush and swivel carpet/floor tool. **$22.00** ($2.95) #A513.

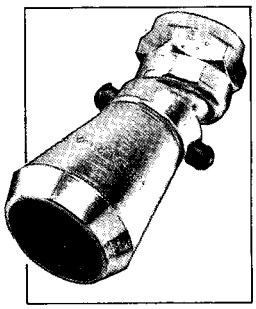


Convert-A-Bulb

How would you like to save more than $15 per fixture when you next change a 3-way lightbulb? Three-way bulbs have some major shortcomings. They are noticeably more expensive than regular bulbs, they come in a limited range of sizes and styles, and the high setting on a 3-way bulb gives you significantly less light than you are entitled to expect. A plain 100-watt bulb gives 1740 lumens of light; a 30-70-100 watt 3-way at the highest setting gives only 1285 lumens.

The Convert-A-Bulb screws into your 3-way fixture and enables you to have 3-way action from a regular lightbulb. It accepts any standard base bulb from 7½ to 150 watts. Let's assume that you replace a 50-100-150 watt 3-way bulb with a regular 150-watt bulb. Because of the lumen differential between regular and 3-way bulbs, the medium setting gives the same amount of light that you formerly had at the high setting—providing a savings of 27 watts per hour. The regular bulb at medium setting will last 6 times its rated life of 750 hours, or a total of 4500 hours. If you pay 7¢ per kwh for electricity the savings amount to $8.50. Plus, 3-way bulbs are usually rated at 1200 hours, so you would need four of them at $2.20 each, to outlast this one regular bulb, at $1.50. That is another $7.30 in savings for an overall windfall of $15.80 over the life of the first bulb alone! The Convert-A-Bulb is UL listed and available exclusively from us. Buy one for **$10.00** ($1.95) #A495, two for **$18.00** ($1.95) #A496 or three for **$26.00** ($2.95) #A497.

Savings In The Shower



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Robert Poole, Jr.

Sacred Cows—Or Us

Six months ago on this page we said that the federal budget was out of control. Events since then have amply confirmed that assessment. In the face of more than $300 billion in projected deficits over the next three years, Congress has enacted only $30.5 billion in spending cuts (plus $98 billion in new taxes). And in a further confession of impotence, the House has quietly raised the debt ceiling to *$1.29 trillion.*

No wonder the business community is frightened. In a recent cover story on the "built-in deficit," *Business Week* agreed that the government "has lost long-term control over the balance between expenditures and revenues." Although federal spending soared in the '60s and '70s, it remained at about 20 percent of gross national product. But it has now jumped to *23 percent* and will remain there through 1985. This is cutting back on big government?

This unprecedented diversion of resources to government is destroying our economy, in two ways. First, it is *sopping up savings.* In 1960 total federal borrowings consumed only 19 percent of net national savings, according to a study by Manufacturers Hanover. But by 1980 this figure had climbed to 73 percent. And in 1983 and 1984 federal borrowings will consume *113 and 107 percent of all savings*—and that's assuming that savings grow twice as fast as they did during the '70s due to supply-side tax cuts. Second, it is *keeping interest rates high.* To the extent that deficits don't crowd out private investments, the Federal Reserve monetizes them by creating new money. It is the fear of such renewed inflation that is keeping interest rates at unprecedented levels, killing off needed capital investment.

The fundamental problem is that our political system is inherently biased toward spending—taking money from everyone to reward favored constituencies. Those interests may be narrow and special—nuclear power, farmers, builders—or they may be broad-based—retired people, for example. Most of the "cuts" thus far have been in the 20 percent of the budget that affects narrow domestic interest groups. Nearly untouched has been the 48 percent accounted for by "entitlement" programs (including Social Security), while defense spending (at 25 percent) has, of course, been going up.

It's to correct this structural problem that the proposed balanced budget amendment has been designed. While the present measure may not be foolproof, the idea certainly makes sense. Because state governments *must* balance their budgets, more than half of them have cut services and employees this year. Michigan has laid off 10,000 employees and cut spending by 20 percent in real terms since 1980. California's 1983 budget is down for the first time since 1943.

If Congress were held to the same discipline, what would a *real* deficit-reduction program consist of? Our own five-point program, goring every sacred cow, would go as follows:

1. *End subsidies and regulation.* The Cato Institute recently published a detailed analysis of domestic spending programs, identifying $106.7 billion in agencies and programs that regulate, subsidize, and control Americans. Let's assume $100 billion of such cuts, phased in over three years.
2. *Freeze federal pay.* Simply omitting one annual increase in already-excessive federal salaries and benefits could save nearly $8 billion.
3. *Freeze "entitlements."* Ultimately, Social Security must be privatized and other federal relief programs (Medicare, Medicaid, food stamps, AFDC, and SSI) phased out in favor of voluntary alternatives. A first step would be to freeze their spending at 1982 levels while transition programs are drawn up. (And if this overall program succeeds in controlling inflation, no one would be harmed much by such a freeze in any case.)
4. *Bring the troops home.* A five-year phase-out of US forces based in Europe, Japan, and Korea would eventually save $100 billion a year, with first-year savings of $20 billion.
5. *Sell federal lands.* Just the "surplus" federal lands are worth $100 billion. Adding in some National Forest and BLM grazing lands could yield another $100 billion. Altogether, such land sales could yield $40 billion a year for five years.

The impact of these measures, combined with the savings in interest costs from a smaller deficit, are shown below. Instead of a $115-billion deficit next year, we'd have a $40-billion surplus. Over three years, the surpluses would total $329 billion, reducing our trillion-dollar national debt by nearly one-third.

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INTEREST SAVINGS	14	21	29
TOTAL	$155	$236	$323
ORIGINAL DEFICIT (est.)	$115	$130	$140
PROJECTED SURPLUS	$40	$106	$183

Such a program would regenerate our decaying economy. Interest rates would plummet, savings would soar, our ailing industries would be rebuilt, and the new high-tech industries (bioengineering, robotics, etc.) would set off a techno-industrial revolution the likes of which the world has never seen.

This result *is* within reach—but only if we can break the deadly grip of politics as usual. Whether by the voters directly or by a constitutional amendment, Congress simply must be forced to shrink our overgrown government. We can rebuild the American dream—or we can continue to let government consume our substance. Are pork barrels, defense welfare, and "entitlements" really worth that price?

Robert Poole, Jr.

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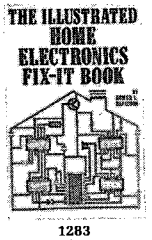

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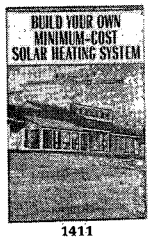

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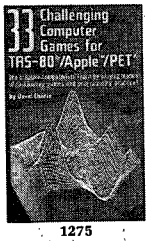

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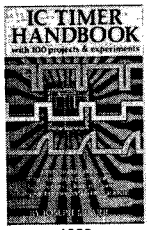

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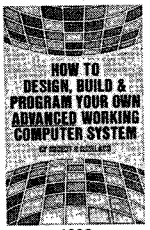

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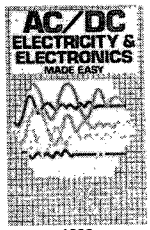

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Letters

Calculating Danger

Nuclear Madness, a 1978 book by Dr. Helen Caldicott, a *pediatrician*, was debunked by reputable scientists. Now we have *Life after Doomsday*, by Dr. Bruce Clayton, an *ecologist*, that appears almost as far out, and dangerous, in the opposite direction. If Clayton's extreme view is believed by Congress we may have no ABM-laser defense; if believed by Soviets, we may *have* a nuclear exchange.

Clayton's article ("Don't Plan to Die," Aug.) is replete with errors: If we go *smaller* than Hiroshima's 12.5-kiloton bomb, instead of larger, still basing our figures on Clayton's halving the danger each time the bomb size is reduced 10 times, we find that a 1.25-kiloton bomb should kill half as many as the 80,000 who died in Hiroshima. If so, a world nuclear war involving 10,000 megatons *in 1-kiloton-sized bombs* could, theoretically, kill 400 billion people, if there were that many cities and people. Clearly, Clayton's figures don't add up.

I suspect he errs in not realizing that most of the reduction in kill efficiency, as bombs get larger, has been included in his radius figures (he states that a 10-megaton bomb would only increase the kill radius 8 times over that of a 10-kiloton bomb—*I agree*—and would therefore be only 8 times as dangerous—I *don't* agree). He appears to overlook the fact that *area*, which increases as the *square* of *radius*, determines the kill. Thus, the 10-megaton bomb would be 64 times more dangerous than a bomb of about Hiroshima size, instead of 8 times.

It is true that the 5,600 deaths per kiloton, based on Hiroshima, decreases as bombs grow larger. However, a 10-megaton bomb would destroy all but the largest cities and cause about 5 million deaths (64 × 80,000) if such a city did not have large parks, lakes, abandoned slums, subways, building shadows, etc. A figure of 2 million deaths is more plausible. How many injured?

Ecologist Clayton is almost as far off in his radiation and fallout claims. Eniwetok is still uninhabited 26 years after testing only a few bombs. Contrary to Clayton, 90 percent of fallout from a US-Soviet exchange would remain in the Northern Hemisphere, mostly in our temperate zone, making it dangerous. I could go on and on if space allowed.

T.M. Morse
Space Guidance Engineer (Ret.)
Mooresville, NC

Dr. Clayton replies: In terms of the "dangerousness" of the weapons, I was referring to safe separation distances. I believe that this is clear in the article. The "area" figure Mr. Morse is groping for is referred to as "equivalent megatonnage" (EMT) and is calculated as yield to the two-thirds power. This is a measurement of destructiveness and tells us that a 1-megaton explosion is 19 times more destructive than the Hiroshima bomb, while a 20-megaton bomb is about 7 times more destructive than a 1-megaton bomb.

Attempting to scale the number of deaths in terms of the megatonnage of the nuclear arsenal is nonsense, which is the point which I was trying to make in the article. The number of people killed in a nuclear explosion is mainly a function of the number of people present in the area.

If I recall correctly, Eniwetok is uninhabitable 26 years after testing mainly because the land crabs are still slightly radioactive and the natives insist on eating them. Hiroshima, of course, is a thriving tourist attraction and, except for the zone of total destruction, was not "abandoned" for even a single day.

Finally, I would like to point out that the figures that "don't add up" are Morse's, not mine, and that I am in favor of ABM systems of whatever type, including laser ones.

Hungry Survivors

Thank you for the article by Bruce Clayton on the true effects of nuclear war. It was of great help in bringing together the many loose pieces of information I had.

There is one aspect of nuclear war that was not touched on, though: the possibility of death due to simple starvation as a result of the severe economic disruption that would result. Our sophisticated economy is quite fragile in many ways, and with most of our major electric generating plants, oil refineries, and transportation centers suddenly knocked out, our food production and distribution system would become paralyzed.

The social chaos that would result from millions of people starving to death could render the situation permanent. It would be impossible for 200 million people to return to the land, and stored food would not last indefinitely.

Albert K. Heitzmann
Berkeley, CA

Nuclear Lunacy

What in the world is REASON doing publishing government propaganda? I can't believe it!

Right at the very beginning of his "Don't Plan to Die," Bruce Clayton admits that one of his "most helpful" references was a book published by the Departments of Energy and Defense. Now there's a couple of truly trustworthy sources of information. They're almost as trustworthy as the official Soviet documents he uses as evidence of what the Soviets are doing....

Let's not be naive. Governments lie. We really don't know anything at all about any government's nuclear weapons or strategies, because we haven't dismantled their hardware and examined it. For all we know, there could be millions of 10,000-megaton bombs, or no bombs at all. We only know two things of any significance: (1) many governments *probably* have many nuclear weapons and (2) anyone crazy enough to use those weapons is *probably* crazy enough to design and aim them so as to create as much horror and death as possible....

Rick Maybury
Roseville, CA

How Could Freedom Prevail?

I am disappointed to read in your pages of the virtues of preparedness for nuclear attack. Mr. Clayton's fact finding may be entirely scrupulous. I would concede all his claims willingly; yet I care about them not at all. The contemplated use of nuclear arms remains one of the greatest sins against humanity and nature recorded in our time, second perhaps only to their actual use.

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REASON deserves better. "Free markets" know no greater enemy than acts of violence, and war does nothing for "free minds" but destroy them.

Dawson Dell
Clarkston, MI

Strategic Freeze

Bob Poole's editorial "Nuclear Freeze?" (Sept.) suggests that the bilateral nuclear arms freeze proposal is unrealistic and asserts that it attacks the wrong target. But even if all the points of the editorial were valid, it does not mention the most significant argument for the freeze proposal: the freeze should be supported, not as an end in itself, but because popular support for it will create a dynamic that could pressure US officials to take meaningful steps to reduce the cost of the arms race and the risk of nuclear war. Without pressure from freeze proponents, what is the likelihood of the US government giving serious consideration to nonnuclear defensive measures (such as the High Frontier antimissile system) and to taking realistic steps toward nuclear arms reduction?

Support for the nuclear freeze has already had an impact on the Reagan administration. More widespread support would accelerate the process of implementing alternatives to replace what Poole recognizes as the "dangerous and immoral balance-of-terror approach to strategic defense" presently supported by the Reagan administration.

Manuel S. Klausner
Senior Editor, REASON

Mail Suppression

We read with interest your September 1982 feature article ("Up against the Birth Monopoly") on the battle between consumers and the "childbirth establishment." The discussion of government interference with distribution of childbirth *information* really struck home, because we have found the same sort of repression routinely practiced by the US Postal Service.

Under 39 U.S.C. Section 3005, the Postal Service may destroy mail order businesses or ban the sale of products or books *on its own initiative.* And no, the USPS is *not* obligated to allow the defendant his "day in court" before an impartial judge and jury.

The USPS has for several decades used (abused?) this power to enforce medical orthodoxy. As documented by the Association of American Publishers in recent congressional hearings, the USPS has not

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just suppressed holistic health *products* but has also engaged in book suppression in at least several dozen *known* instances in the last several decades—plus many others that did not leave a clear record (because the USPS used verbal threats of prosecution, other means of intimidation, etc.).

The most recent case, of course, was the celebrated *Stale Food vs. Fresh Food* by Robert S. Ford (USPS Case No. 10/123), in which the USPS, in its infinite wisdom, banned the mail order sale of a book on nutrition because, in the opinion of the Postal Service, the author's ideas were not in accord with medical orthodoxy...and therefore were "incorrect." That case ended in 1982 when the Postal Service backed down after public and congressional criticism. But the USPS has not changed its attitudes; in House Postal Subcommittee hearings, the Postal Service sought to retain *and expand* its censorship powers....

Readers interested in defending their "health freedoms" might want to write for information from the National Health Federation (NHF), Box 688, Monrovia, CA 91016.

Joel Amkraut
Council on Postal Suppression
Washington, DC

Worthy Women

"Women's Worth," by Peter Schwartz (July), is the best true-to-life description of my "counterparts" I have, to date, seen in print. The absurdity of their thought process is an insult to women who not only want to be recognized on their personal merit but demand it.

I have long been against any movement for women's rights via the government because it assumes the right to speak for "all" women. I am a woman who has asked no one to represent me on any issue, and I resent the feminist invasion of my personal integrity. I am equally opposed to women who claim that "we" belong at home.

As these groups antagonize each other over their equally irrational beliefs, I, and other competent women, will go charging up the middle. I believe that as enough of us reach the top, we will mushroom out and squash both ignorant sides—not by making empty speeches, but through productive action that speaks for itself.

It will take time, because as worthy women move up, they are forced to fight the injustice our self-proclaimed "friends" actually create. People still overwhelmingly categorize people, and as the stupidity of feminist demands is so obvious, all women are guiltily not qualified until proven (100 times over) innocently competent....I cannot help but know how much faster intelligent, productive women would reach their destinations if all energy were directed toward that end instead of a portion being given to clear the black cloud feminists so smartly put in our way.

So thank you, Peter Schwartz, for stating the truth of what the feminist movement stands for and making clear how devastating their principles are to freedom.

Deborah Lynn
Sunnyvale, CA

Benito and Franklin Exposed at Last

Donald Feder's article "Benito and Franklin" (Aug.) was a long-overdue expose of the close similarity (if not complete identity) of the economic, social, and political programs of two of the most successful demagogues of the century. My only (small) disappointment was that Feder did not point out more clearly the ideological relationship of syndicalism, or fascism, to socialism, nor the fact Benito Mussolini was in fact a socialist before developing his own syndicalist version of collectivism. "Right opportunists" is the term Lenin and his crowd used to describe the syndicalists, and, if nothing else, they got the "opportunists" part right, as amply proved by Roosevelt and Mussolini.

I wonder how long civilization can last, however, when the great majority of the media continue pouring out the felder-carb they are so fond of about Roosevelt (and others). The facts are not only distorted; they are ignored completely in the interest of creating (with statist enthusiasm) great heroes of men and women who in a laissez-faire society would be considered little better than carnival hucksters or snake oil peddlers.

As it is, millions of us—many, like myself, not even born when Benito and Franklin went on to their rewards—are paying for the continued penchant for collectivism, regulation, regimentation, and nonsense. Every "liberal" and "conservative" in America ought to be sent Feder's article and sharply admonished to reflect on his sins.

S. D. Yana Davis
Birmingham, AL

b r i c k b a t s

The socialists who rule France have finally gone too far. It wasn't enough for them to nationalize nearly everything that moved. Now they're pestering the aging but still ooh-la-la Brigitte Bardot with some egalitarian mumbo-jumbo about how the beaches belong to the people. The government intends to tear down a wall at BB's beachfront St. Tropez home, and never you mind any bourgeois nonsense about privacy or private property. The film star is so upset that she's threatened to move to Mexico. The government's attitude is: Let her go—beaches are for everyone, and walls will not be tolerated. Ironically, that rule also applies to militant Communist Party member Lucette Thomazo. Her wall, too, was ordered demolished so that her unwashed brothers and sisters of the proletariat could take a refreshing dip, to which she remarked, "This is a grave injustice." C'est la guerre.

How are you gonna keep 'em down on the collective farm after they've eaten Swiss chocolates? That's the question facing the Kremlin about three Soviet soldiers who were taken prisoner by Afghan freedom fighters. The soldiers are waiting out the war at Switzerland's most modern prison, in-between television watching, swimming in the indoor pool, and earning about twice as much money for their farm labor as their "noncaptive" comrades back in Mother Russia. Why Switzerland? Well, Red Cross efforts to transfer the men were stalled by Moscow's insistence that Soviet forces are "not engaged in any combat action" in Afghanistan, corpses all over the place to the contrary. Finally, a guerrilla group agreed to a Red Cross proposal that the three Soviet captives be interned in a neutral country until the end of hostilities. But will they ever return? The thought of eternal winters in Minsk might spark a person to ask for a life term in a Swiss prison.

Ireland's $17-million national embarrassment is Knock International Airport, a project pushed by the politicos and the clergy but scorned by all airlines. Nestled in the midst of Ireland's most desolate area—about a three-hour drive from perfectly acceptable Shannon Airport—Knock will be shrouded with mist and fog much of the time and will end up serving fewer than 250 passengers a week, say its critics. So why build it? A feisty and politically connected priest has built a 10,000-seat shrine and needs the airport to bring him pilgrims. You see, only about 450 people live in Knock, and most of them work for the shrine. Sense prevailed briefly when former Prime Minister Garret FitzGerald killed the project. But when his government fell, the new PM, Charles J. Haughey, reinstated the boondoggle. Ireland's weary taxpayers ought to call it Hard Knock Airport.

Ben Johnson is a man after my own heart. The 46-year-old freedom lover from Reader, Arkansas, got tired of waiting for the city council to vote on a measure to lower its new speed breakers, those nefarious bumps in the road designed to slow down traffic. So Johnson rode his forklift into town and leveled the hated asphalt mounds as the townspeople cheered. Johnson was arrested, but it may be tough to convict him. The council voted to flatten the bumps just moments before Johnson did it. For free.

Marxist principles haven't stopped East Germany from engaging in a lucrative deal in human flesh with West Germany. Who says Communists don't believe in capitalism? Since 1973, West Germany has "purchased" 8,300 political prisoners from workers' paradise in the East. Prices paid for prisoners range from $12,000 for a laborer to $60,000 for a physician. At first, the West German government paid with unroasted coffee beans, butter, citrus fruits, and machinery. But lately, the East German government has demanded West German marks. Cold cash says it best, even for "classless" societies.

Canada's Foreign Investment Review Agency has struck a telling blow for Canadianism, and the result is that 12 Canadians are unemployed. After four years of paperwork, a tiny American-owned and Toronto-based distributor of medical texts has been told that its continued operation under its American parent, Harper & Row, "was not in the best interest of Canada." This kind of protectionism is necessary, agency supporters say, for Canada to preserve its cultural identity from adulteration by vulgarians south of the border. Of course, the immediate effect of the decision has been to throw 12 people—all Canadians—out of work and to deprive Canadian medical and nursing schools of the books they need. But cultural identity comes first, even if it's an identity of poverty, unemployment, and provincialism.

—MARK EDWARD CRANE

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TRENDS

BAILING OUT (OF) SOCIAL SECURITY

For years Congress has been ducking the issue of the Social Security system's fiscal unsoundness. Most recently, President Reagan backed off from even a modest adjustment of future benefits, instead appointing a National Commission on Social Security Reform to study the problem and report back (*after* the November elections).

Yet nearly two years ago Peter Ferrara put his finger on the problem. In his book, *Social Security: The Inherent Contradiction*, Ferrara explained that the system attempts to combine both welfare and insurance and does both badly. As the system matures, and the ratio of workers to retirees shrinks from three-to-one down to two-to-one, the system will go broke unless the contradiction is resolved.

What Ferrara proposed is to separate the two functions, funding the welfare portion from general revenues and privatizing the retirement insurance function. The latter—already being done in Chile (see "Chile's Economic Revolution," REASON, April)—would allow people to opt out of Social Security, choosing expanded IRA plans rather than government payments. Generally, those under 40 would fare far better choosing the private option.

Interestingly enough, this approach is finally starting to receive consideration. At a breakfast with reporters in August, Sen. John Glenn (D-Ohio) suggested that younger workers might be given a choice between Social Security and a voluntary program in which private insurers would be involved. Pretty much the same idea had been aired several weeks earlier in California by GOP senatorial hopeful Pete Wilson. Arguing that if Social Security is not changed it will go bankrupt, he told the California Broadcasters Association that for people under 45, a voluntary investment program is the way to go.

Even the president's commission is looking into the idea. According to *Business Week*, Commission chairman Alan Greenspan is evaluating a variant proposed by economists Michael Boskin, John Shoven, and Laurence Kotlikoff that would create "personal security accounts" for people up to age 55, converting the system into a fully funded pension program.

Ferrara himself has come up with a new phase-in proposal. His *Social Security Reform: The Family Plan*, recently released by the Heritage Foundation, would phase in the private system over a 25-year period by allowing increasing amounts of IRA contributions to be deducted from Social Security tax liabilities. Over the short term, the phase-in would cost tens of billions a year in general tax revenues, to pay off outstanding claims. But over the longer run, it would permanently cut federal spending by more than one-fourth and denationalize a large portion of the insurance industry. That seems like a reasonable trade-off.

COMPETITION IS STEALING THE CABLE SHOW

As Tom Hazlett's July cover story ("The Viewer Is the Loser") pointed out, cable TV is hardly a "natural monopoly," as claimed by those seeking government-granted monopoly franchises. Indeed, two new technologies—MDS and SMATV—are starting to give cable companies a real run for their money.

MDS stands for Multipoint Distribution System. An MDS company receives programming from a satellite earth station and retransmits it on microwave frequencies to individual subscribers. Each subscriber must have a special antenna and signal decoder. The major limitation on MDS growth has been the Federal Communications Commission. Present FCC rules allow MDS companies to provide only *one* pay-TV channel. Yet lots of unused frequencies are available—allocated to educational uses—that could permit 5- to 10-channel MDS operations.

The other technique is Satellite Master Antenna TV (SMATV). The typical SMATV operator installs an earth station on apartment buildings, then wires up the individual apartments for the service, paying the building owner a small percentage of the revenues. The typical SMATV system provides three to five channels, including superstations and pay services.

The major advantage of both MDS and SMATV is that they don't use city streets for running cables and are therefore exempt from city franchising control. Since the cost of complying with franchising regulations is quite high—the National Cable Television Association estimates that *22 percent* of the subscribers' monthly fee goes for compliance costs like "free" public access channels—the unregulated competitors start off with a large advantage. Predictably, many have had to fight legal battles, inspired by entrenched cable interests, in order to remain in operation.

The biggest news on the MDS front is the entry of CBS. In August the TV giant announced an agreement to supply programming to MDS operator Contemporary Communications Corporation. CCC has asked the FCC to allow it to operate *eight-channel* MDS services. Under the deal with CBS, the new services would be offered in the cities where CBS has broadcast stations: Chicago, Los Angeles, New York, Philadelphia, and St. Louis. In all five cities, political constraints have held back the growth of cable—only six percent of all TV homes in Chicago currently receive cable TV, for example.

SMATV operators nationwide thus far serve only half a million homes, compared with cable's 27.5 million. But their ranks are growing rapidly. Six are operating in Tucson, competing with a Cox Cable franchise; and Private Satellite Television is taking on 11 cable firms that are franchised in various portions of Atlanta. Cable Dallas, Inc., is giving Warner Amex Cable a real run for its money in that Texas metropolis. The company has combined SMATV and MDS technologies, providing some 25 channels of programming via microwave. Warner is fighting back by offering its own microwave services to areas that it has not yet wired for cable.

The evidence is clear-cut—competition in video services is booming. "Natural monopoly" is a self-serving myth.

HOW NOT TO ENSURE BANK FAILURES

A few months ago, Oklahoma City's hapless Penn Square Bank drew far more national attention than it ever had in its years of operation when it declared itself insolvent. One of the positive consequences of the well-publicized fiasco is that a number of people are taking a hard look at the Federal Deposit Insurance Corporation.

There's no disputing that the FDIC averted financial disaster for most of Penn Square's depositors by reimbursing them for their losses. But the entire episode has raised questions of the soundness of FDIC policy and whether it in fact aggravates the danger of more such bank failures in the future.

Catherine England of the Heritage Foundation, for one, suggests that the FDIC indirectly fostered Penn Square's wild-eyed investment portfolio (the cause of its downfall) and that the agency is paving the way for more Penn Squares. Specifically, she notes that FDIC insurance premiums are calculated as a flat percentage of a participating bank's total deposits. The FDIC thereby effectively subsidizes risky portfolios such as Penn Square's (80 percent of its portfolio was concentrated in energy-related speculations that collapsed when drilling activity and energy prices fell last autumn).

Any private insurance firm—if it were allowed to insure bank deposits—would calculate premiums based on an evaluation of the prudence of the insured bank's investment portfolio, the degree of risk the bank took in its loan policies, the bank's management practices, and so on. The FDIC blithely ignores these factors, charging the stablest banks on the same schedule as the most foolhardy. Hence, good banking practices are in effect penalized and bad practices rewarded.

England points out an additional disadvantage of the present system. One of the most compelling restraints on financial hotdogging by banks should be the bank's customers. In theory, depositors should have the right and responsibility to examine closely their bank's behavior and, if it plays fast and loose with their money or even denies them information, to withdraw their funds and put them in another, more cautious institution. Because most depositors' funds are insured by the FDIC, however, there is no reason for customers to bother monitoring their bank, so this restraint on bank management is lost.

Since neither the FDIC nor banks' customers have the resources or incentive to keep tabs on banks under the current arrangements, England suggests that a better solution might be privatizing deposit insurance. A private insurer of bank deposits would have a powerful incentive (greater likelihood of profit) to set up a variable insurance premium structure based on actual risk.

In the case of Penn Square, England says, this would have helped prevent bank failure. "A private insurer could have seen that Penn Square was taking on too much risk. Fearing that the bank might fail, the insurance company, seeking to minimize loss claims, could have raised the bank's insurance premiums. This would have...limited Penn Square's willingness to take on risky loans...and thus, would have stopped Penn Square's aggressive behavior before it reached the critical stage."

Harvard Law School Professor Douglas Ginsburg in a letter to the *Wall Street Journal* recently made a parallel case for private deposit insurance. "There is no obvious reason for a governmental monopoly on deposit insurance," he wrote. "Even if deposit insurance is to be required, banks could be allowed to obtain insurance from any adequate source. Large insurance companies would be perfectly capable of insuring the vast majority of the almost 15,000 commercial banks in the United States. Those few banks that were too large for any one insurance company to handle would be insurable through a syndicate of insurance companies, each purchasing a share of the risk."

As attractive as nongovernmental deposit insurance may be, it is possible that it will first see the light of day not in this country but in Switzerland. According to the Swiss Embassy in Washington, some private concerns in that country are now informally discussing the feasibility of private deposit insurance. Trends will keep you posted.

LAND SALES DEBATE HEATS UP

First aired in REASON's February issue ("Message to Uncle Sam: Get Off Your Assets," p. 11), the idea of selling off some federal lands to reduce the national debt made the cover of *Time* the week of August 23. That story quoted REASON's article on privatizing grazing lands by Steve Hanke ("Grazing for Dollars," July) and generally did a good job of explaining the issue.

But the backlash continues to develop, from traditionalists of various sorts. The Agriculture Department's announce-

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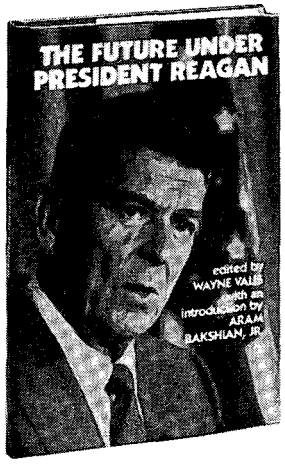

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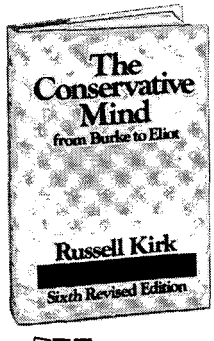

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ment that it will study about 10 percent of national forest lands for possible sale drew cries of alarm from the Wilderness Society. And similar opposition has already killed a plan by which the Department of Interior would have traded 70,000 acres of Bureau of Land Management timber land to Louisiana Pacific Corp. to settle a government debt to the company. (When Redwood National Park was expanded in 1978, the government seized land from the company and still owes it $248 million.) The plan had been denounced by Rep. Phillip Burton (D-Calif.) and California resources secretary Huey Johnson.

But it isn't just environmental traditionalists who can't abide federal land sales. Tory conservative columnist George Will can't handle the idea either. In a mid-August syndicated column, Will denounced the land sales idea and spoke approvingly of a "national consensus for governmental activism concerning environmental protection."

But what makes Mr. Will and others think that government has protected or could protect the lands from careless exploitation? As Steve Hanke, John Baden, and other economists have demonstrated in these pages and elsewhere, stewardship by *owners* who have a personal stake in the outcome is of far higher quality than stewardship by bureaucrats who make decisions with an eye to politics. Sad to say, that's an insight that not even learned conservative columnists seem to have grasped.

DENATIONALIZATION ROLLS ON

While the French government continues its program of taking over private firms, the trend in Britain and Japan is just the opposite. Both of those governments are embarking on major programs of denationalization.

The British are farther along. Over the past two years, four major enterprises have been "privatized" (as the British call denationalization): 51 percent of British Aerospace (the major defense contractor) has been sold to investors, as has 49 percent of telecommunications giant Cable & Wireless, all of radiochemical products maker Amersham International, and all of National Freight Company. Overall, these sales have brought in $2.4 billion.

Over the summer, major new steps were taken. In July, British Gas Corp. put its 50 percent share of Britain's largest onshore oil field on the market. And in August, the production and exploration arm of British National Oil Corp.—Britoil, Ltd.—was separated from BNOC's marketing arm. A majority of Britoil shares will be offered to the public (for an expected $1.2 billion). British Airways, the money-losing state airline, has been reorganized into three divisions and severely pruned back, prior to 51 percent of it being put on the block next year. And giant British Telecom, which operates the phone system, will also offer 51 percent of itself to investors, probably in 1984 or 1985, after the next election.

In Japan, meanwhile, major denationalization has just been recommended by a high-level commission. A 17-month study by a panel of respected business executives has urged the government to sell off Japan National Railways, Nippon Telephone & Telegraph, and Japan Tobacco & Salt Public Corp. According to the *Christian Science Monitor*, the railway firm, which is $25 billion in debt, "has become symbolic of government waste and ineptitude" and would have been declared bankrupt years ago if it were a private company. The report recommends formal bankruptcy, with the salvageable portions being sold off in several chunks. At present, only its two 140-mph "bullet trains" make a profit, although Japan's many private railroads are doing well—and generally charge lower rates. Similarly, Nippon Telephone & Telegraph has become so bureaucratized that even its own management realizes that it cannot respond promptly to changing technology.

As in England, more and more Japanese leaders realize that resources wasted propping up inefficient state-owned monopolies are unavailable for other things. Putting those firms into the competitive marketplace will give everyone more bang for the buck.

FCC: BIG BROTHER OR TRAFFIC COP?

Last May the Federal Communications Commission voted to not renew the license of Simon Geller, a one-man FM broadcaster in Gloucester, Mass. The grounds? As noted by his well-heeled challengers, Geller's station didn't provide any news or public affairs programming; it simply gave its listeners what they wanted—classical music. But since the law says the FCC must judge the "adequacy" of program content, and FCC rules say that all stations must provide news, public affairs, and religious programming, poor Simon Geller had his frequency taken away. (He is petitioning the FCC for reconsideration, with the help of supportive listeners and legal counsel from the Capitol Legal Foundation—see Spotlight, July.)

That could not have happened if frequencies were private property, like the other scarce resources used to operate a radio station (land, buildings, antennas, records and tapes, etc.)—or print a newspaper. Only the fiction of public ownership of the frequency spectrum keeps the FCC in business as a Big Brother agency, deciding on the details of who uses which frequencies for what purposes. As Ida Walters pointed out last year in *Instead of Regulation*, the lack of transferable property rights in frequencies has held back progress in both telecommunications and broadcasting. While mobile radio users were begging for more frequencies during the 1960s, for instance, much of the UHF band was unoccupied, reserved for UHF television stations that nobody wanted to build. If those frequencies could have been bought and sold, they would have been put to productive use.

Increasingly, however, communications specialists are coming around to the view that frequencies, in fact, are just like any other resource and should be owned, bought, and sold. That would leave the FCC with a greatly reduced role. Henry Baumann, deputy director of the FCC's Broadcast Bureau, puts the point succinctly. "Ultimately, I think the FCC should be [just] a policer of interference," he told *National Journal*'s Michael Wines. "We should authorize service and make sure that services aren't mutually destructive." Chairman Mark Fowler apparently agrees. "I think, ideally, what we should do is go back to being what we were originally, and that is a traffic cop. Make sure everyone's on the right frequency; no protectionist philosophy. Let the marketplace decide what goes out over the airwaves."

In fact, that is pretty much how things are being done already in the 4-6 Ghz band, used for satellite uplinks and downlinks. As Milton Mueller points out in a Cato Institute *Policy Analysis* (June 3, 1982), de facto property rights have evolved in this portion of the spectrum. Private firms like Compucon and Spectrum Planning, Inc., assist satellite users in "frequency coordination"—working

out solutions to potential interference problems. Among the solutions are shielding or relocation of antennas and paying for a change to another frequency. A study by the firm Mathtech, Inc., indicated that similar techniques could be extended to other frequency bands.

In short, we already have evidence, as well as theory, that transferable private property rights in the frequency spectrum will work. Since that would get the FCC out of the business of deciding who gets what frequency and what uses are acceptable, those to whom First Amendment considerations are important should take notice.

BUS COMPETITION: OPENING THE DOORS

Airline deregulation has garnered the glamour and the publicity, but there's also afoot a quiet, steady move to deregulate buses on both the intrastate and interstate levels. The expected consequences of bus deregulation are not unlike those of airline deregulation: as the *Wall Street Journal* pointed out in a recent article, "Bus deregulation gives operators far greater freedom to start serving new markets, dump old routes that don't pay, and revise fares. [Deregulation] advocates say increased competition could bring lower fares and improved service, at least on the heavily traveled routes."

If there is a national testing ground for bus deregulation, it is Florida, which has had deregulated bus service for over two years now. One of the most striking changes there has been the influx of new companies into the industry, many of them newcomers with relatively little capital and overhead.

For example, former Greyhound driver David Spencer opened his own company in Clearwater and has prospered because he charges 10 to 15 percent less than the competition. "My equipment isn't new, so my cost factor isn't as high," he says. He now has three buses and concludes, "Competition is always good." And after 23 years of driving buses for others in New Jersey, Frank Surace quit his job, moved south, and opened his own bus company in Orlando. He has one bus, which he drives himself, and his wife, Barbara, runs the office out of the family living room. "It's been great for us," she says. "It's a great feeling working for yourself."

In fairness, not everyone is pleased with deregulation. Some small and middle-sized companies that were in existence before the change have had a difficult time adjusting to the new competition. A Florida Motor Transport Association official says that numerous members of his organization are "in some kind of financial trouble." There have also been complaints from senior citizens in very small towns and rural areas that no longer have scheduled bus service. A woman in Bushnell told the *Journal*, "We used to take Greyhound to visit old friends and family. Now we're stuck here. I guess it really isn't too bad—we have television and the chickens out back. But we feel so much more alone now."

It is true that some small towns may lose bus service altogether as a result of deregulation, but it is also true that deregulation has in some cases resulted in a number of new bus routes. In Arizona, which deregulated intrastate buses on July 1, Trailways Incorporated has already announced 14 new routes in the state, including one between Phoenix and Tucson. Moreover, even sparsely traveled bus routes abandoned after

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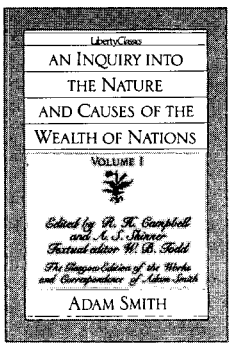

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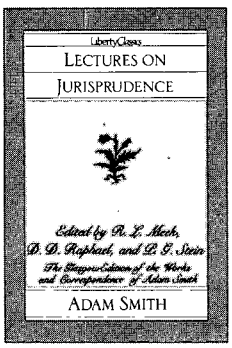

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deregulation may well present opportunities for entrepreneurs with vans or other modes of transportation. The demand for such service certainly exists.

In addition to Florida and Arizona, intrastate deregulation has been enacted in Ohio and Wisconsin, and interstate deregulation is imminent. Both houses of Congress have already passed deregulation bills. At this writing, they are in conference committee where the minor differences between the two bills should be ironed out.

MORE NIXES FOR NATO

The once-impregnable consensus that US taxpayers must continue to pay the lion's share of our allies' defense continues to unravel. It has now come under attack from conservatives, neoconservatives, and the Defense Department itself.

On August 1, the Defense Department submitted a report to Congress highlighting the unfairness of present arrangements. The "Report on Allied Contributions to the Common Defense" notes that the United States provides 53 percent of the total military budgets of the allies—and the US share is growing *larger* each year. And less than two weeks after the report noted that "Congress and the general public would not tolerate" a solely US effort to protect the Persian Gulf, the House Appropriations Committee refused to approve $179 million to expand the Ras Banas base in Egypt for use by the Rapid Deployment Force. The committee decision pointed out that Japan and the NATO countries import 70 percent of their oil from the Persian Gulf but have done nothing to defend the area. It would be "incongruous" to spend US taxpayers' money there, the committee report said, when we only get 10 percent of our oil from that source.

From the conservative side comes Jeffrey Record, former national security aide to Sen. Sam Nunn (D-Ga.). In a paper entitled "Beyond NATO: New Military Directions for the United States," published by the Institute for Foreign Policy Analysis, Record advocates withdrawing US ground forces from Europe and shifting to a largely sea-based military posture.

Shortly after Record's paper appeared, neoconservative intellectual Irving Kristol weighed in with "Reconstructing NATO: A New Role for Europe" on the *Wall Street Journal*'s editorial page. Kristol believes that NATO has outlived its usefulness and become counterproductive, indeed, even dangerous, to US security. So he urges that it be reconstituted as a *European* defense alliance, with all US troops brought home. The 6,000 US tactical nuclear weapons "could simply be left behind," he says, leaving it up to the Europeans to decide how—or whether—to use them.

The question *whether* to use them is getting serious consideration in Europe these days—and not just from peaceniks. The deputy leader of the conservative Christian Democratic Union parliamentary group in West Germany, Manfred Worner, has proposed a major buildup of nonnuclear technology so as to reduce the need to use tactical nuclear weapons. Worner's plan relies on much greater use of remotely piloted surveillance drones, precision munitions ("smart" antitank weapons), and nonnuclear short-range ballistic missiles aimed at rear echelons. Such weaponry could give the defender a significant advantage over the attacker, Worner believes.

In its July 31 issue the *Economist* analyzed what it would take to beef up NATO forces to the point where the "edge" provided by nuclear weapons would no longer be needed. The finding was that another 1.5 percent of GNP would do the trick. And that, as the magazine's editors note, ought to be a small price to pay to prevent the nuclear destruction of the very lands the defense forces are in existence to protect.

NEW LEASE ON LIFE FOR THE PILL

Perhaps it goes without saying that sensible individuals will be alert to the consequences, both positive and negative, of the diet and drugs they rely on and will accordingly make decisions to protect their health in a careful manner. In the last few years, however, there's been an unfortunate (and widespread) predisposition against the products of new medical technologies as such, some of which have received undeservedly bad reputations. An important example of this has evidently been the birth control pill.

The *New York Times* now reports that there is considerable research by the Centers for Disease Control in Atlanta, the Royal College of General Practitioners in Britain, the Mayo Clinic, and other respected institutions contradicting earlier fears that the birth control pill causes cancer. Indeed, there is evidence that it may even *protect* women from some cancers, especially cancer of the ovaries and the lining of the uterus. These findings, according to the *Times*, indicate "an extraordinary instance in which a drug appears to prevent cancer, [and they] are only part of the evidence suggesting that the pill, although not entirely free of hazard, has wide-ranging health benefits."

Some of these benefits include reduced incidence of iron-deficiency anemia, pelvic inflammation, and perhaps rheumatoid arthritis. And the cancer protection, "while less than perfect, is substantial." The pill does carry some health risks, mainly of heart attacks and strokes, but the "overwhelming percentage" of those problems occur among women who also smoke.

Experts consider these data on the effects of the pill preliminary. But *Population Reports*, published by Johns Hopkins University, notes in a recent issue, "Given the extensive research on the pill, it is less and less likely that any significant risk of cancer remains undetected."

TRASHING CITY MONOPOLIES

You may remember that in REASON's July cover story, "The Viewer Is the Loser," there was mention of a Supreme Court case, *Community Communications Company* v. *City of Boulder*, in which the Court held that cities and towns risk liability under the federal antitrust laws when they regulate economic activity in the absence of explicit direction from their state governments. The case involved Boulder, Colorado's denial of a request by Community Communications Company to expand its existing cable services in that city; but at the time of the decision, legal commentators were speculating that, as the *National Law Journal* put it, "a wide range of municipal activities—from zoning ordinances to garbage collection franchises to setting taxi fares—will [now] be subject to antitrust scrutiny."

Now the *Chicago Sun-Times* reports a case in which just this is happening. In the small Chicago suburb of Markham, the town government decided in 1978 to go into the garbage collection business. This put it in competition with a private company called Environmental Waste

Disposal (EWD), which was already picking up, for a fee, many of the residents' trash. After a period, it was clear that EWD's service was generally more popular than the city government's (partly because the city's pickup required use of a heavy 90-gallon garbage can, three times the size of normal cans). The city responded this spring by passing an ordinance making it illegal for any residences in Markham to have private garbage pickup.

Because of the Boulder decision, EWD (and, not incidentally, a group of EWD's customers) concluded that they were able to sue the city for violation of the Sherman Antitrust Act and proceeded to do so. From their standpoint, it is a case of the city government entering the marketplace, providing service inferior to the privately owned competitors, then—instead of improving their own service—using a law barring the efficient firm from the marketplace.

The case is now in federal court before Judge James Parsons. EWD's attorney, Randall Mitchell, predicts a decision by mid-November.

GETTING THE DIRT ON ALIENS SWEEP

Early this year, the federal government in its wisdom hit on a surefire method of creating employment: during the last week of April, the Immigration and Naturalization Service (INS) organized a highly publicized sweep of 5,635 suspected illegal aliens in factories located in nine cities around the country, with the stated objective of making higher-paying jobs available to unemployed Americans and legal residents. True, the INS was criticized by civil libertarians for its tactics (Sen. Alan Cranston of California went so far as to call the raids "terroristic"), but the agency was unmoved.

INS officials subsequently pronounced "Operation Jobs," as it was called, a success. "Our target was to open up a substantial number of jobs to American citizens and lawful residents," said Omer G. Sewell of the INS Los Angeles office. "Judging from reports about large numbers of job applicants seeking those jobs, we believe it's been very successful, and we're very, very proud."

In August, three months after the raids, the *Los Angeles Times* investigated just how successful "Operation Jobs" really was. The findings contrast rather sharply with Sewell's boasts. The *Times* found that in Los Angeles and Orange counties, about *80 percent* of the suspected illegal aliens who were apprehended had quietly been rehired in their old jobs.

Surveying union leaders, management, and employees of the companies that were subjected to the INS crusade, the *Times* learned that many of the Americans and legal residents who were hired to fill vacancies after the raids did not stay on the job, either because of the wage levels (an average of $4.80 per hour in the Los Angeles–Orange County area) or because of working conditions. When 10 arrested workers returned to West American Rubber Company in Orange, personnel manager Hal Takier declared, "I was just glad to get 'em back." And Manuel Barbosa, the business representative of Teamsters' Local 389 at Price Pfister, where 67 of the 83 arrested workers were rehired, said the union filed grievances to get the company to rehire the remaining 16 workers. "I'm not in the INS," Barbosa said. "I just represent my members. It's not a condition of union membership that you have to be a U.S. citizen."

Even ineffective hare-brained schemes cost good money, of course. In this instance, taxpayers throughout the land put up $500,000 of their money to shut down production lines and violate civil liberties of both employers and employees. Naturally, the INS is toying with the idea of more such raids in the future. Keep your fingers crossed.

NO MERRY TIME FOR MARITIMERS

If there were a special Olympics for freeloading on the American taxpayer, the maritime industry would probably win at least a couple of gold medals. Since 1789, the ocean shipping industry has been marvelously adept at winning special considerations and subsidies of every sort from the federal government.

Currently, the Maritime Administration offers federal loan guarantees to private lenders who finance US shipbuilding projects; traffic between US ports since 1817 has been restricted to US flagships; and until 1980, shipbuilders received direct subsidies from the Maritime Administration to lower the cost of US-built ships to levels competitive with foreign shipyards (in fact, construction subsidies have consistently run as high as the federal limit of 50 percent of a ship's total cost). And that's not all. There are laws requiring that 50 percent of most federal government cargo, and 100 percent of military cargo, sail under the US flag—a windfall for the shipping industry that, according to a Brookings Institution study, has added at least $5 billion to the government's shipping costs.

One would think that with all these goodies being doled out by the government—some $10 billion since 1936—the maritime industry would be prospering. But it's not. *National Journal* reports that from 1950 to 1981, the proportion of oceanborne US imports and exports carried by US-flag ships shrank from 42.6 percent to just 3.7 percent. The size of the American fleet dwindled from a post-World War II high of 1,170 ships to 577 last year (although the fleet's overall capacity has been boosted somewhat because of new and larger vessels).

From time to time, politicians have concocted plans to mitigate this decline. The Reagan administration is one of the most recent entrants in the save-the-maritime industry sweepstakes with a series of proposals announced in May and August. They employ generous dosages of free-market rhetoric (Transportation Secretary Drew Lewis is

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quoted in one release as saying that "the U.S. fleet must become competitive to the extent possible without further subsidy"), but their consistency with free-market principles is spotty, at best.

For example, the administration is authorizing an increase in the FY 1983 ceiling on ship financing guarantees from $600 million to $900 million; and it's seriously considering a radical reversal in policy that would lead to the federal government making bilateral "cargo reservation" pacts with other nations. Under such a pact, the shipping lines of the two signatory nations get most of the cargo shipped between the two countries.

One of the most controversial proposals floating around Washington and one that the administration has fortunately endorsed, is to grant immunity from antitrust prosecution to international shipping cartels called "conferences." In most countries, the shipping industry is governed extensively by conference decisions. In the United States, antitrust laws have permitted shippers to participate in conferences only for some purposes (such as setting shipping rates) but barred them from participating for other purposes (such as dividing up cargo and trade routes and pooling revenues).

A bill sponsored in the Senate by Slade Gorton (R-Wash.) and in the House by Mario Biaggi (D-N.Y.) would relax nearly all the restrictions on conference participation by US shippers. To deflect charges that their bills would set the stage for a government-mandated cartel, however, Gorton and Biaggi would require that the conferences be "open," which means that individual carriers could join or quit the conferences at will and that conference nonparticipants would have almost complete freedom to set their own prices.

The Gorton-Biaggi proposals have won no support from staunch supporters of antitrust laws such as the *Wall Street Journal* and *New York Times*. In an editorial entitled "Torpedo the Maritime Bills!" the *Journal* said, "Cartels are bad. Our laws don't allow microchip makers or lumber distributors or pizza parlor operators to fix prices or divvy up markets....There is absolutely no reason to make an exception of cargo liners. Liner conferences, if they work, only raise freight prices." And the *Times* attacked antitrust immunity for conferences as "reform in the wrong direction."

Austrian free-market economists would no doubt be less pessimistic than that. Even though the Gorton and Biaggi bills would give antitrust immunity to the conferences, they would deprive the conferences of their most powerful weapon—the power to enforce rate and shipping route decisions—and would thus put them ultimately at the mercy of the marketplace. Thus, the conferences that the *Journal* and *Times* warn against would in fact be launched on the same path as such other once-fearsome cartels as OPEC—to fragmentation and oblivion. A cartel without the iron hand of state enforcement is no match for the free market.

MILESTONES

• *Sink or swim.* A Louis Harris poll shows that public opposition to corporate bailouts by the government is increasing. In November 1980, 48 percent of those surveyed were opposed to bailouts. Now, some 56 percent are opposed.

• *Arms supermarket.* In the last 10 years the Soviet Union was the leading supplier of major weapons to the Third World, transferring nearly twice the conventional arms furnished by the US government. Moscow's offerings include supersonic combat aircraft, surface-to-air missiles, guided missile patrol boats, tanks, and self-propelled guns and artillery.

• *Free the pipelines.* The White House is supporting legislation that would end federal price controls on most interstate oil pipelines, as part of the administration's market-oriented energy program. While some companies favor decontrol, there is some concern in the oil industry that it would lead to antitrust problems for the companies involved, especially with the Alaska oil pipeline.

• *Do-gooders doing badly.* According to a new book, *The East Asian Edge*, the nations of Japan, Taiwan, China, South Korea, Hong Kong, and Singapore are showing high economic growth rates and low inflation. What their economic policies have in common is relatively low government spending (about one-fifth of their gross national products, compared to one-third in the United States) and nearly balanced budgets. In contrast, the Organization for Economic Cooperation and Development (OECD) reports that many of Western Europe's economic problems, notably unemployment, are due to government intrusion in the private sector in ways that substantially increase labor costs, stymie the mobility of labor, and reduce the shares of national income going to profits.

• *Radio Free Norway.* A free-market Norwegian organization called *Moderat Ungdom* (Moderate Youth) has taken the unheard-of step of bringing suit to challenge the government monopoly on broadcast radio there. They want to start their own station and take advertising. Stay tuned.

• *Alaskans back guns.* The Alaska legislature approved a bill sponsored by Libertarian Rep. Ken Fanning that bars cities there from regulating or taxing firearms. "Guns are not out of control....people who use them criminally are out of control," said Fanning.

• *From the editorial page...* In August, *Business Week* took a stand editorially for decontrol of natural gas prices. "Reduced demand and falling oil prices have now produced an oversupply of gas," said the pillar of the business establishment, "but [current] regulation effectively prevents prices from falling in response." And in an editorial on airport congestion, the *New York Times* suggested that one of several solutions to the problem might be allowing airlines to buy and sell landing and takeoff slots, since "slot sales would let airlines—and travelers—get the service they most value."

• *Indian givers' benefits.* The Treasury and Interior Departments have announced their support for a bill sponsored by Sen. Malcolm Wallop (R-Wyo.) that would treat Indian tribes and their subdivisions that "exercise substantial government functions" the same as state and local governments for tax purposes. This would (among other things) make interest on tribal industrial development bonds and other obligations tax-exempt, and tribal taxes and charitable gifts to tribes would be deductible.

• *Privatizing the Pentagon.* The Defense Department has ordered the military services to move as many uniformed employees as possible out of jobs that civilians can do as well and to shift civilian jobs to outside contractors. The Chamber of Commerce has publicly supported the move: it says that competition can cut costs for a number of services 25-50 percent. Meanwhile, the American Federation of Government Employees and its supporters in Congress are fighting the order tooth and nail and have even proposed a one-year moratorium on the Pentagon engaging private contractors.

—ROBERT POOLE, JR., AND PAUL GORDON

COPS, INC.

The experiences of several small towns have proved that even police services can be privatized.

REMINDERVILLE, OHIO—This is a small, quiet community of 2,000. Its older homes and new housing developments of modest split-levels are nestled in the woods off roads that snake through the rolling hills of northern Ohio. About the only memorable feature of the town is the prominent signs directing the traveler on to other, more interesting places—Geauga Lake Amusement Park and Sea World.

So what am I, a reporter from Chicago, doing snooping around Reminderville, interviewing its chief of police? Is this seemingly sleepy village halfway between Cleveland and Akron, Ohio, the scene of some anomalous crime problem?

In fact, I'm on the trail of something quite different—a growing trend among local governments to turn to the private sector to supply police services long provided directly by local governments. Many cities, villages, and townships in the United States are willing to pay $35,000 a year to someone who spends a good deal of each week writing notices and slipping them under auto windshields, filling out insurance claim reports, or answering telephones. But many other local governments around the country are beginning to realize that they can no longer afford to pay highly trained, high-salaried specialists in fighting crime to act as dispatchers, secretaries, telephone operators, and claim writers. Some are finding that even in crime labs and in certain parts of investigations, trained civilian specialists can do the job—and for less money.

But Reminderville is one of a handful of municipalities that have gone a step farther and hired private security firms to provide *all* local police services. To many Americans, privately run police forces no doubt seem uncomfortably close to vigilante groups, accountable to no one and ruling with iron fists and an Old West sense of justice. Is there some way these communities keep a rein on their private police? And how great are the cost savings? Do they come at the expense of the quality of service? I'd trekked to Reminderville to see one town's private police force in action.

Police guarding Reminderville spend most of their time in cars because the homes in this residential community are spread out. Things are ordinarily quiet except in a small, lower-income area where petty theft, vandalism, and domestic squabbles break the otherwise tranquil scene.

It could be a typical Midwestern town with a typical Midwestern police force of seven officers. But most of the personnel were selected by a private security firm. For an annual fee paid by the village of Reminderville and surrounding Twinsburg Township, the two squad cars and all the equipment are bought and maintained and the officers' salaries paid by the private firm. Because they're not covered by civil service and a police union, the Reminderville cops make less than their peers on other forces. One police car is black and white, the other copper-colored. Both were purchased used when that proved to be the best deal, and no one saw fit to spend money repainting them.

BY THEODORE GAGE

The radar speed detection equipment was also purchased used—costing one-sixth as much as the fancy scanners bought by the police force that sold it.

Arthur J. Robataille, chief of police for nearby Aurora for 14 years, now works from a small office in the Sheraton motel in Aurora. He is president of Corporate Security, Inc., which provides Reminderville with the police equipment and pays the salaries of the Reminderville police force.

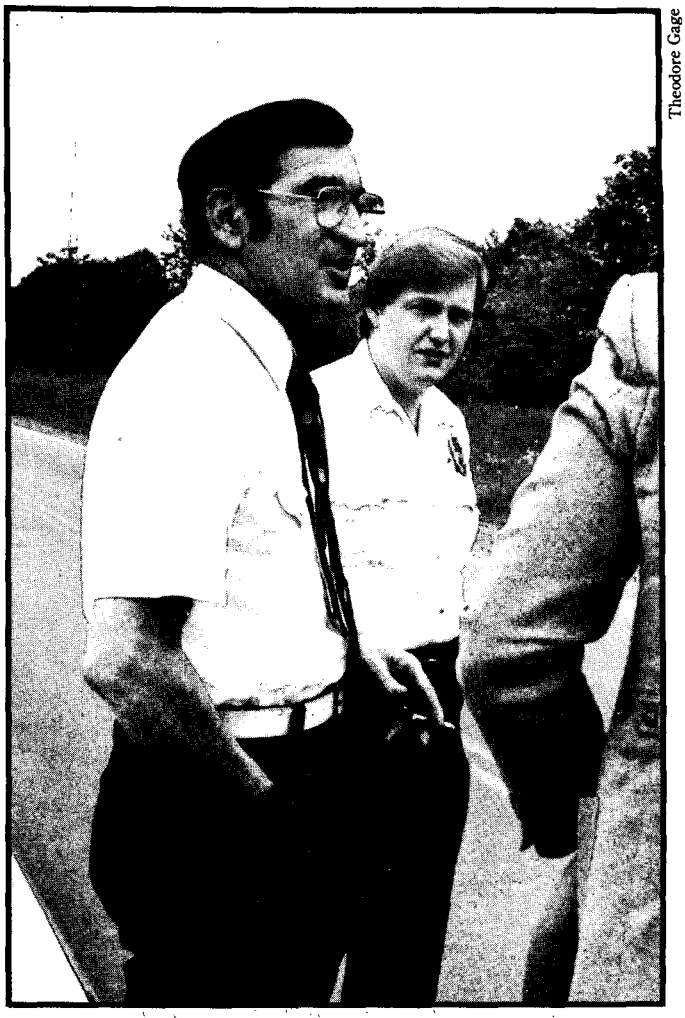
In Aurora, Robataille had watched the population grow from 1,500 to 10,000 and seen the police force taking on many of the ailments of a traditional urban force. By 1980, he says, he could no longer cope with department politics and his inability to cut budgetary fat and institute cost-saving programs.

He quit and formed Corporate Security with partner Joseph Dudas, who heads up security for Geauga Lake Amusement Park—a major summer tourist attraction in Aurora. In addition to providing standard private security for businesses, hotels, nearby factories, and large public events, Corporate Security, Inc., keeps Reminderville's police force running.

"Ray Williams (the mayor of Reminderville) asked me for help because Summit County was withdrawing its patrol for budgetary reasons," Robataille told me. As in many other locales, the Summit County sheriff's department had provided basic protection for the small villages and unincorporated areas within the county. But with public monies getting tighter, in 1980 the county advised Reminderville Village and Twinsburg Township, a small unincorporated area surrounding the village, that it would cost them $180,000 a year to continue to receive the emergency response service and occasional patrol by one car. The village board balked.

"Ray said, 'Get me some security people to patrol the area,' and I told him it was illegal," explained Robataille. "So he asked us to give him police officers. At first, I didn't know how a private company could do that, but my partner and I looked into it, and we had Reminderville's legal counsel check into it. We found out there was no rule against it (in Ohio)."

So Corporate Security struck a deal with Reminderville and Twinsburg for protection services. For $90,000 a year—half the amount requested by the Summit County sheriff's department—the firm would provide twice as many patrol cars and a 6-minute emergency response compared to 45 minutes for the sheriff's department. It would select trained, state-certified candidates for the police positions, leaving the village to make the final choice. In fact, village officials would have full autonomy in hiring, firing, disciplining, and organizing the police force.



Theodore Gage

Corporate Security president Arthur Robataille (left) and Reminderville's chief of police, Dick Wilk.

"We're really no different from other police forces, except we get our checks and equipment from a private company."

Reminderville began using its new police force in April 1981, but soon, objections and threats of legal challenges started coming in—not from a government regulating body but from the Ohio Police Chiefs Association, which derided Reminderville's force as "rent-a-cops." Because the police worked for Corporate Security, even though the village was ultimately paying their salaries, Ohio law would not consider them legitimate police officers, claimed the association. The group protested and considered legal action throughout the summer of 1981 but soon after dropped its protests. And I couldn't get anyone from the association to discuss Reminderville with me.

The fact is that nothing in Ohio law prevents trained, certified police officers from working for a private firm and serving a municipality, although the law in some states does. The Reminderville police have made numerous arrests, written many traffic tickets, and done the other duties expected of the police, without any charges or complaints leveled against them.

"This is a professional, top-notch organization," Chief of Police Dick Wilk told me proudly. "We're really no different from other police forces, except we get our checks and equipment from a private company."

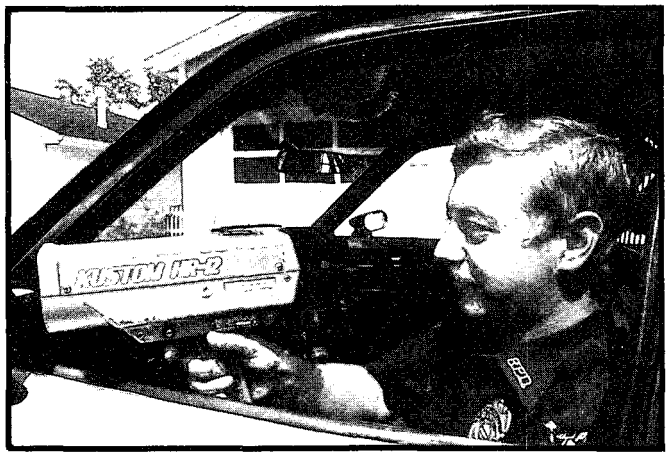
One of the reasons, claims Robataille, that police unions and associations complain so loudly whenever this concept is proposed is pure protectionism. Because they're not unionized, the Reminderville police get paid less than typical police forces. On the other hand, the job is far less demanding than in New York, Cleveland, or other large and medium-size cities.

Most of the seven Reminderville police officers are young and hungry for work. Having completed police academy, they told me, they often encountered difficulty finding work with municipal police forces that are more often being trimmed than expanded. The Reminderville police, said officer Mike Lipchinsky, make ends meet by working at least 10 hours a week

overtime in addition to the 40-hour week. (Corporate Security does no consulting on the efficiency of the personnel. The size of the force is determined by the village, and any overtime is decided by the chief of police and paid by the village.)

Although the Reminderville force would like to have two-officer patrols during the night hours when both cars are on the road, the budget doesn't allow for it. And that's probably just as well. A detailed 1977 study by the Police Foundation, carried out in San Diego, found that in nearly all cases it is "more efficient, safer, and at least as effective for the police to staff patrol cars with one officer" rather than two. That finding has not deterred big-city police unions from demanding two-officer cars, but budget pressures are forcing even those departments to cut back their percentage of two-person cars.

Because Robataille's firm is paid a previously negotiated fee to maintain and buy equipment, pay basic salaries (overtime is extra), and cover other costs, Corporate Security is motivated to keep operating costs as low as possible and still provide good service. A close eye on the budget prompted Robataille to buy a used radar speed detector for $350. Two officers told me they would rather have had a new, $2,600 detector with the latest advances—including a mechanism that defeats radar-detection equipment—but they both admitted that the reworked older model does a good job of catching speeders. The firm also purchased used cars, one a used police car and the other an ordinary car that was then modified for police duty. Robataille calculated that the force would get as many miles out of the used cars as new cars and that maintenance costs would be the same. (A government body, on the other hand, ordinarily must open up each service for bids, and the consensus is that bidding requirements make it virtually impossible to consider used equipment.)



Jody Croley

Officer Mike Lipchinsky with the force's used radar speed detector.

The department also saves money because Wilk, in addition to serving as chief of police and putting in time on patrol, is also an accomplished electrician and installs, maintains, and repairs the patrol cars' electrical systems and the department's communications and radar equipment. And because the Reminderville force is so small, Robataille contracts with neighboring Twinsburg for dispatching and some accounting functions. (Twinsburg handles such duties for several surrounding communities with small forces.)

Robataille's firm also carries the auto and liability insurance for the police force. Although his company recommends personnel but does not make the ultimate choice, Robataille does conduct background checks on all candidates because the firm has an interest in ensuring that employees are responsible and have a clean record. He believes that Corporate Security, by shopping around for the best coverage, gets better rates than municipalities, which must solicit bids.

Another major cost savings is in the pension plan—a major portion of a typical police officer's benefits. Robataille himself retired from the Aurora force at a relatively young age with a good pension. But because the Reminderville police are privately employed, they have a less lavish arrangement than the statewide police pension plan, which accounts for an average 14 percent of police salary costs in Ohio.

The cost savings have pleased city officials, but so has the quality of service. Robataille and Dudas are on their second negotiated contract with the village (which included a small increase over the $90,000 first-year fee) and should soon negotiate a third. Reminderville is proving, contrary to the fears of and objections to such a concept, that a private firm can provide good police services at substantial savings.

"We could have fought it, and I feel confident Rural/Metro would have won. We had to weigh . . . some pretty high court fees."

Across the country, in the small town of Oro Valley, Arizona, there is a different story to tell. On July 16, 1975, a private firm struck an agreement with Oro Valley to provide its 1,200 citizens with law enforcement, replacing service from the Pima County sheriff's department. But before two years were out, a state-governed professional body had made the path so difficult that the firm withdrew.

The firm was Rural/Metro Fire Department, Inc., which provides fire protection to about 20 percent of Arizona's population, including the city of Scottsdale. Rural/Metro offered Oro Valley a comprehensive protection package that included fire fighting, police services, a burglar alarm answering service, and paramedic operations.

Rural/Metro went farther than Robataille's firm in providing direct operations management of the police force. It agreed to establish a police headquarters and to keep all records according to the state guidelines for police departments. It would supervise and assume all liability for the conduct of its police. Oro Valley, however, would retain full control and responsibility for the force and could override Rural/Metro's authority at any time, so that the force would be under the control of the town marshal and there would be no possibility of the police acting independently of the citizens' wishes. Rural/Metro could decide what equipment and how many officers were needed to do the job, what salaries would be, and when a civilian could be used to do routine work like writing parking tickets and directing traffic. For a flat fee of $35,000 a year, the private company agreed to perform all these police services. That price was a substantial savings over what the town could have done it for.

After being implemented without incident, however, the agreement began drawing opposition from the Arizona Law Enforcement Officers' Advisory Council. Begun in 1968 as an advisory organization, with no power or authority of its own, the council grew over the course of several years into a quasi-governmental body with virtually ironclad authority to make decisions and take action. The only argument it could find to

quash the arrangement between Rural/Metro and Oro Valley was a liberal interpretation of one state code that the council argued prevented an employee of a private firm from being a police officer.

"We could have fought it, and I feel confident Rural/Metro would have won," I was told by Fred Roof, who was with Rural/Metro when it signed the contract with Oro Valley. "We had to weigh what looked like some pretty high court fees to challenge the council, and we decided it just wasn't worth the cost. So we agreed to just provide the equipment, and we let Oro Valley assume all responsibility for its police force." (Interestingly, Roof started as chief of police under the employ of Rural/Metro and remained chief of police even after Oro Valley took over the force, although he resigned in January 1982 because of "small-town politics and backbiting.")

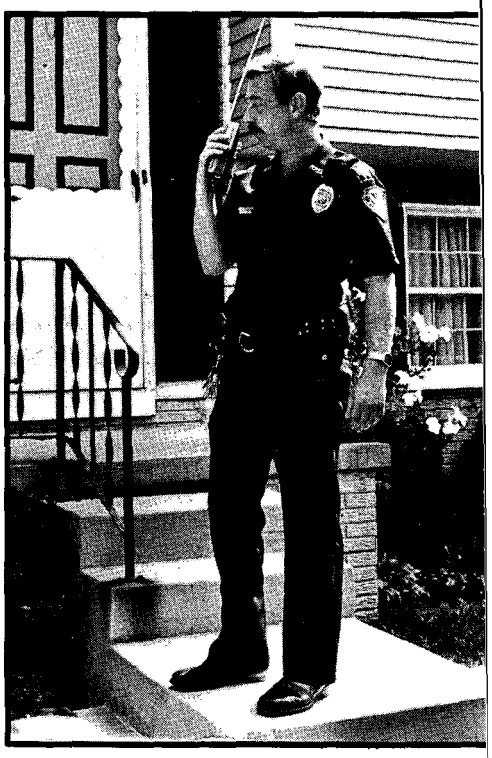
Oro Valley's experiment with using the private police force lasted nearly two years before Rural/Metro turned it over to the town. In that time there were no problems and no lawsuits, and the town was satisfied with its police service. The concept of full police privatization worked and was proving to be cost-effective. But in November 1977, Rural/Metro relinquished its police operations in Oro Valley and assumed a contract to, for $1,357 a month, provide vehicles and equipment to the force.

During Roof's tenure as Rural/Metro's police chief, he instituted various unconventional programs. Sometimes his officers used four-wheel-drive trucks instead of cars for patrol because they provided better visibility and could be used on difficult roads and even sandy areas. There was a "dark house" check instituted in which Oro Valley citizens would leave their names with the police department when they planned to leave for vacation and someone would check the home twice every 24 hours. Burglary rates in the 3.5-square-mile town dropped from 14 a month to 0.7 a month and stayed at that level.

The system worked well, and the transfer from Rural/Metro to Oro Valley was smooth and amicable. Roof and his officers became municipal employees, just as in most police departments. But things began to happen—financial things. The employees who had been handling administrative and other duties were replaced by town employees at a higher cost or by uniformed police offers at a far higher cost. The police officers gained a standard policemen's pension plan, which cost the town far more than the deferred compensation plan maintained by Rural/Metro. The officers—the same ones who had willingly handled the relatively simple job of protecting Oro Valley—began complaining to city officials that the work was boring and that they should get more money. In many cases, the town capitulated.

"We provided fine service, of course," Roof told me, "but it certainly was no longer what you could call a cost-effective operation." When Rural/Metro turned over total control of the department to the town, police service was costing Oro Valley $35,000 a year. The fiscal year 1982 budget is $241,000—a figure Roof says is "unnecessarily high." That budget, he explains, includes the salaries of two full-time police officers added since he left and personnel he believes the town doesn't need. In short, Oro Valley's has become a typical police operation with typical costs.

Reminderville and Oro Valley are two of the most aggressive efforts to date to privatize police forces and give the public better service at a lower cost. Oro Valley failed only because of a legal technicality and the effort by a state agency to gun down a novel concept without serious consideration of how well it worked. Reminderville, while a positive step toward privatizing a police force, fails to make the full jump by not giving Corporate Security, Inc., responsibility for assessing the cost effectiveness of the village's police force and determining—or at least serving as prime consultants in determining—the department's personnel needs.



Reminderville's police force has been privatized, but the officers, all academy trained, carry out standard police operations.

There are only a few other known examples of American cities contracting out for their entire police forces. For several years Guardsmark, Inc., one of the nation's largest private security firms, provided the police force for Buffalo Creek, West Virginia. Wackenhut Services, Inc., has had several police contracts with small towns in Florida, including a five-year stint as the police force of the village of Indian Creek. But at the end of that time, for reasons of "civic pride," village officials hired the 15 Wackenhut patrolmen as permanent city-employed police officers.

Interestingly, private policing is rather commonplace in Switzerland. More than 30 Swiss villages and townships currently contract with a company called Securitas for police services. The Swiss Association of Towns and Townships reports that the contracts offer substantial savings over what it would cost these small towns (up to several thousand people) to run their own police forces. The typical contract provides for foot and vehicle patrol, building security checks, nightly closing checks of bars and restaurants, and ticket validation at special events.

"The officers realized that instead of having to detour traffic and take care of injured kids, they could concentrate on patrolling."

One of the major obstacles standing in the way of privatizing police operations or even substituting civilians for uniformed employees in nonpatrol positions is opposition from the police unions. Although many police

Photographs by Jody Croley

organizations rally behind the cry that only a police officer can do a police officer's job, the fact is that often they are simply trying to protect "uniformed" slots and create as many openings as possible for fully trained police officers. This history of protectionism, both among police organizations and within police departments, has a long and hard-to-break tradition.

For example, the city of Worcester, Massachusetts, instituted a program in 1976 that was partially funded by the federal government. Under a grant from the Law Enforcement Assistance Administration, a now-defunct arm of the Justice Department, the city instituted a "Public Service Aide" program. These aides, or PSAs, began to take over many of the traditional police duties to free police to do what they are specialists in—fighting crime.

The aides received a briefing course, and the first set of candidates went through police academy and had full training with the exception of self-defense and firearms. Subsequent trainees took a short course, going on duty with a veteran PSA and then taking the police training course when it was offered by the department.

At first, the police officers and their union had the standard adverse reaction to such a concept. The PSAs' competence was questioned, and fears were expressed that they might take rash actions. But they had special uniforms, completely different patrol cars, and different badges from those of the regular Worcester police. They carried no firearms and had no more power of arrest than an ordinary citizen. They were carefully instructed not to take any action themselves if they saw a crime in progress but to contact the department on their police radios. So it seemed virtually impossible for abuse of authority or "rash actions" to occur. Still, the union and many uniformed officers complained.

But Capt. John Hughes of Worcester's force told me: "The complaints didn't last long, though, when the officers realized that instead of having to detour traffic and take care of injured kids, they could concentrate their efforts on patrolling. In fact, they got pretty dependent on the PSAs." So dependent, in fact, that PSAs eventually ended up performing 30 percent of the duties formerly handled by uniformed police officers, including dispatching, writing reports, giving parking tickets and paramedic duty.

Not surprisingly, notes Hughes, the crime rate, which had been one of the highest for US cities of its size, plummeted. Not only were the police freed up to patrol more, but the additional PSAs—who were hired in addition to and not at the expense of the regular police—created an additional street presence and acted as a crime deterrent, reports Hughes.

The program began to die in 1981. After federal budget cuts and then state withdrawal of funding, the city decided not to maintain the program on its own and the PSAs were laid off in mid-1981. Today, the department has 100 fewer employees than it did two years ago, including 50 uniformed officers who have been laid off because of budget cuts.

If the PSAs did such a good job handling the mundane tasks and worked for considerably less money, why were they fired and uniformed police, making far more money, put back on the menial duties? Hughes, a staunch supporter of the PSA program, calling it one of "the best things in the country for a police department," answered the question candidly: "When it comes time to lay off, you lay off civilians."

"It would be a gradual building process in which the private sector will establish a good track record and prove it can do the job."

But shrinking budgets may be forcing chiefs of police and city officials to rethink the influence of police unions and the concept of civil service and job protection. Apparently, many of them are beginning to seriously consider not only using civilians in posts traditionally staffed by police but to contract out for certain services if it costs less

than using municipal employees. An ongoing survey by Hallcrest Systems of McLean, Virginia—management consultants primarily in the field of law enforcement—included all chiefs of police in cities over 50,000 population and all sheriffs in counties over 100,000. The study, the most recent survey of its kind, is yielding some interesting reactions.

In response to a question, for example, about turning over burglar alarm response to private companies, 57 percent of police chiefs surveyed said they would consider doing so. That is far less resistance to the concept of privatizing than existed in the mid-1970s when similar questions were asked in other studies.

Pat Gallagher, now a research specialist and formerly with the Police Foundation in Washington and the Institute for Local Self Government in Berkeley, California, notes that 94 percent of burglar alarms are false, and a burglary is actually in progress in less than one percent of all alarm responses. Even when the alarm does signal a burglary, the criminal has usually fled before police arrive, so in only a few cases does an officer's ability to make an arrest or use a weapon come into play. And the calls don't come cheap. Gallagher cites national statistics indicating that each response, provided free of charge in most cities, costs $20 to $25.

If this service were handled by private alarm firms, individual property owners could be billed for each false alarm. This would encourage people to be more responsible about setting and maintaining their systems, would put the burden of payment squarely on those who benefit from the service, and would free up police departments from the response and administrative hassle.

Private security firms like Wackenhut Services are already providing some response service. Because the private security firms have advanced communications capabilities, they can (and are instructed to) immediately contact police if they believe a burglary is in progress.

Police spokesmen throughout the country argue that private firms should not answer alarm calls because if they find a burglar they might shoot first and ask questions later or take some similar rash action. "That is a traditional fear and resistance you would expect to find among people who had done things a certain way for a long time," responds George Zoley of Wackenhut. "We encounter the resistance all the time, but the fears aren't usually rational." He is confident that "they will be broken down in time" because of the fact that so few burglar alarm responses involve a burglary in progress, making the instances of private security guards coming in contact with criminals extremely rare.

William Cunningham, president of Hallcrest Systems, says the preliminary results of his study and his talks with police departments indicate that an increasing degree of privatization and civilianization of police services is inevitable. "The money is just not there anymore," he explains. He found that surveyed police chiefs would consider using civilians or contracting with private firms for: parking and parking control, crowd control at large events, bank deposit escorts, housing project patrol, school crossing guards, public park patrol, funeral escorts, prisoner transfer, courtroom security, non-injury accident investigation, government building security, guarding hospitalized prisoners, crime lab work, on-scene recording of losses from burglary and taking reports from victims of crimes, office and dispatching duties, crime prevention surveys, parade security, and directing traffic.

In all, notes Cunningham, at least 80 percent of the work done by police departments is not crime-related. The majority of the time, a police officer's skill in handling firearms, breaking up domestic quarrels before they turn violent, catching criminals in the act, and physically fighting crime occupies a relatively small percentage of a police department's time. And as Captain Hughes of the Worcester force noted, the police presence of the PSAs, who had no authority but who had direct communication with the police department, was a very real deterrent to crime.

Resistance to actually contracting out police services remains strong, however, both within city hall and within police departments. But it is likely that this cost-saving alternative will be given more consideration as experience builds up with other city services that are increasingly being turned over to the private sector—especially street and sewer maintenance, garbage collection, park maintenance, and so on.

According to the Bureau of Labor Statistics, $22 billion worth of state and local public services were contracted out in 1972; that represented just 14 percent of all such services. By 1980 that figure had climbed to $66 billion, which amounted to 20 percent of all services. The International City Management Association, under contract to the Department of Housing and Urban Development (HUD), has just completed a survey of contracting out in 4,700 communities. The results, to be released shortly, are expected to show a further increase. And several recent books—Robert Poole's *Cutting Back City Hall* and E. S. Savas's *Privatizing the Public Sector*—have explained and documented the trend toward contracting out.

Even fire protection is increasingly being handled by private firms. The recently formed Private Sector Fire Association lists 14 profit-making fire services around the country, including the well-known Arizona firm of Rural/Metro Fire Department, Inc. (whose battle with a fire-fighters' union was featured several years ago on *60 Minutes*) and the private security firm of Wackenhut (which won its first municipal fire protection contract in January).

Fire protection has been a somewhat easier service to privatize than policing because of the tradition of volunteer fire departments, which actually constitute 87 percent of all fire departments in this country. Interestingly, however, researchers James Q. Wilson and George L. Kelling noted in a recent *Atlantic Monthly* article that "until well into the nineteenth century, volunteer watchmen, not policemen, patrolled their communities to keep order."

Even the experts who favor the concept of privatizing police services say there will probably be a gradual change during the next decade and not any immediate shift. But the increasing use of private security personnel by industry and homeowners to supplement police protection, growing budgetary restraints that are forcing municipalities to be more conscious of spending, and a few positive examples like Oro Valley and Reminderville may prove to be the catalyst.

"We may have to start off gradually, like providing additional support for security at special events," predicts Zoley of Wackenhut. "Then perhaps police departments could use private companies for parking control, park patrols and support roles. It would be a gradual building process in which the private sector will establish a good track record and prove it can do the job. Agencies like ours have to prove ourselves to these departments, which are awfully traditional and set in their ways. But I see a future for it. I think, considering the shortage of government funds, it will be a necessity." ◻

Theodore Gage is a free-lance journalist who has contributed to, among other publications, the New York Times *and* Advertising Age. *This article is a project of the Reason Foundation Investigative Journalism Fund.*

The Cost of Communism

By Robert C. de Camara

SIRLOIN STEAK IN MOSCOW costs only about half what it does here. That's the good news. The bad news—maybe you've guessed it already—is that there isn't any sirloin for sale, at least not in the government stores patronized by ordinary Muscovites. If you could locate a piece of sirloin at all—a feat intermittently possible in a handful of the Soviet Union's biggest cities—the true cost (the cost in work-time units) would be about 130 percent higher than in the United States.

Consider: The average factory worker in the USSR makes $237.90 a month (according to *Narkhoz 80*, a Soviet publication) and a kilogram (2.2 pounds) of sirloin steak costs $4.12 (translating rubles into dollars). On the other hand, Ivan's counterpart, the exploited American proletarian, takes home $983.98 a month (according to the US Department of Labor), and his kilogram of sirloin costs $7.46. That means that Ivan has to serve the Motherland for three hours and two minutes for his (elusive) sirloin, while John need slave for his capitalist masters a mere one hour and 19 minutes for the same size cut of meat. (And you can bet your A-1 sauce that John's local supermarket has lots of sirloin on hand.)

This somewhat facetious but pointed example of the disparity between the Soviet and American worker is only one of many nuggets of information, many of them more important, contained in a new survey of consumer prices and take-home pay in Moscow and four Western metropolises: Washington, London, Paris, and Munich. The survey focused on blue-collar workers.

Keith Bush, director of research at Radio Liberty and possessor of an international reputation in the field of Soviet economics, led a team of 60 in collecting the data earlier this year. Radio Liberty and Radio Free Europe, a sister organization, between them maintain the largest staff of Soviet-bloc experts in the world, outside of government.

In every area of the survey the American worker comes out on top. His wages are higher, his cost of living lower. Western Europeans follow fairly closely behind.

Ivan lags badly. The same "weekly food basket" (23 items, from bread to sausages to cigarettes) that costs John $108.47 in Washington costs Ivan $90.68. That might seem good, but wait. John pays 20 percent more for his weekly groceries but earns a whopping 313 percent more. And that despite the fact that Soviet industrial workers are the cream of the Revolution, making on average 10 percent higher wages than comrades in other occupations. John

(Continued on p. 46)

The bottom line: Muscovites wait to buy groceries, a typical scene that illustrates just one of the higher costs of living in the Soviet Union.

Photograph by Arthur Grace/Sygma

HOW ARE THE interests of future generations to be protected? How are we to keep our grandchildren from inheriting a polluted environment and exhausted natural resources? The prevailing answer among futurists

Inheriting the Earth

Will our descendants inherit a world depleted of resources and plagued by our wastes?

By Joseph P. Martino

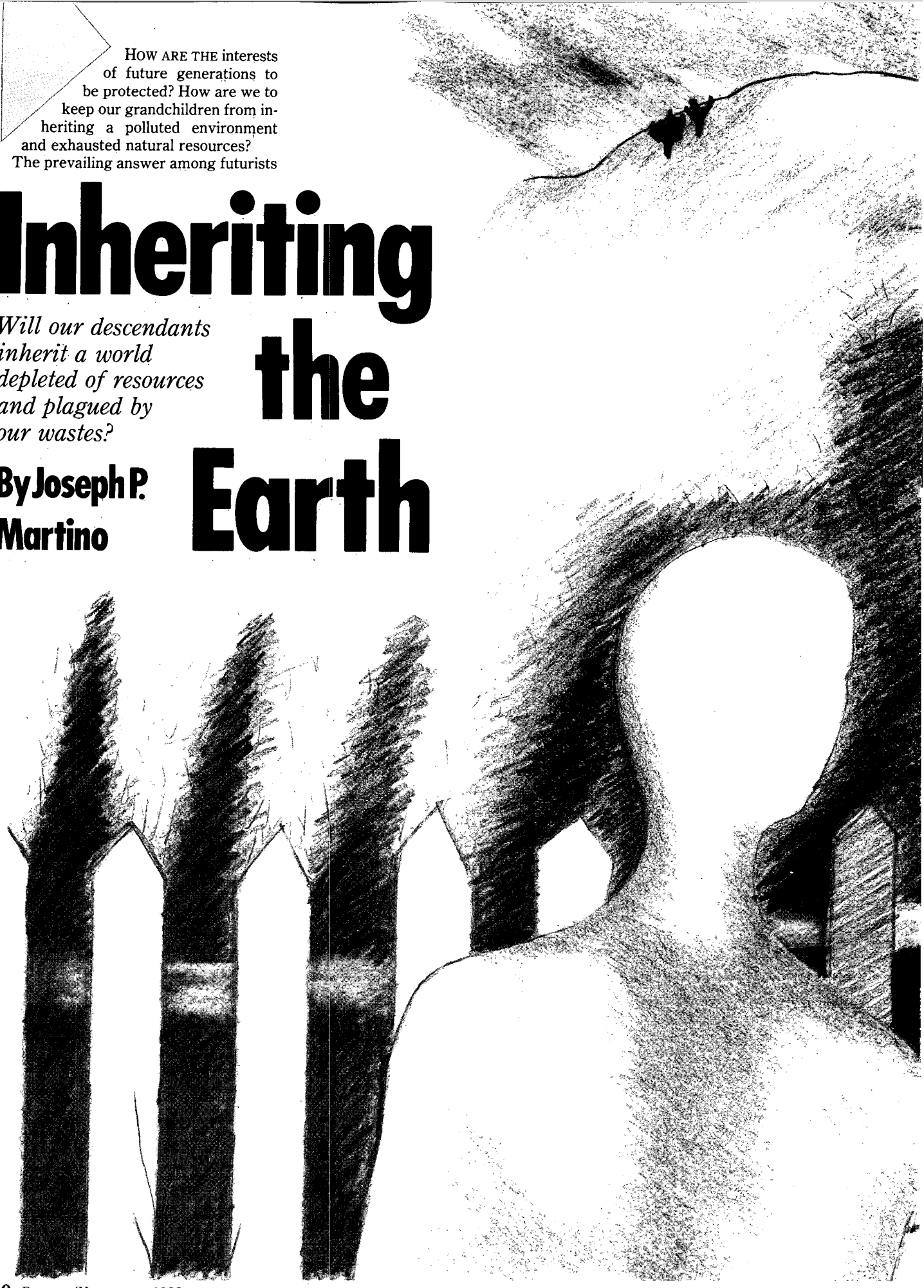
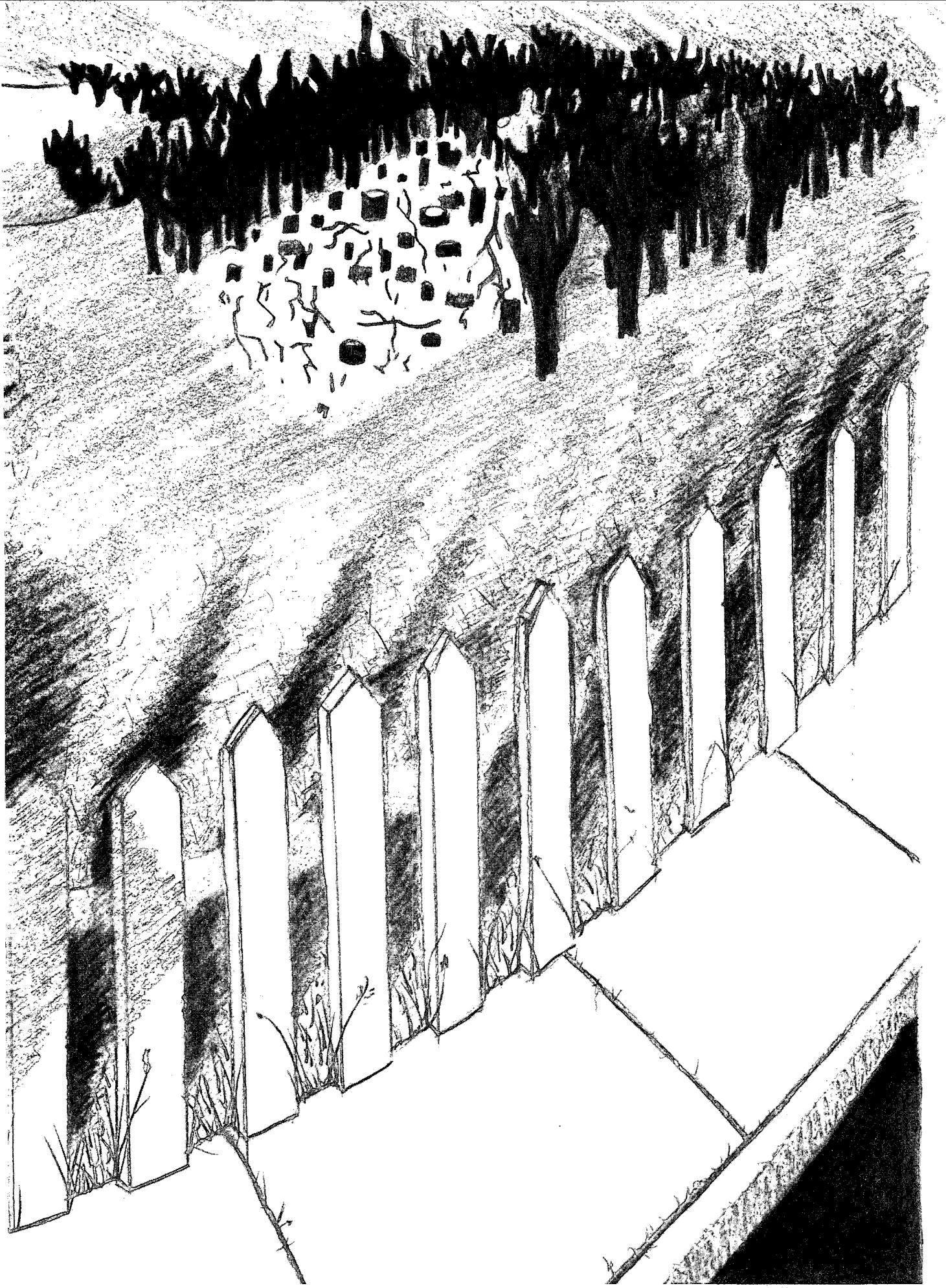


Illustration by Kelly Collins



might be summarized as follows:

"It's not the case that if people are free to make their own decisions things will work out okay. People are short-sighted. They discount the future very heavily. No matter how concerned in the abstract with the world their grandchildren will inherit, people are willing to take a profit now without regard to the costs if those costs can be postponed long enough.

"Nor is it just a matter of a few selfish individuals. If it benefited all of us now living, we might be willing to use up some irreplaceable resource, thus denying it to our grandchildren. Or we might dump some toxic waste that they will have to clean up.

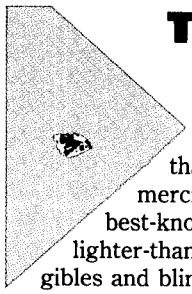
"Someone has to speak up for the future! We cannot depend upon short-sighted people, each looking out for his own interests, to take care of the future. We must limit freedom to the extent necessary to assure that we don't benefit ourselves at the expense of the future."

This is the solution proposed by most futurists. Since the future can't vote now, our descendants must be given a vote through the political process. In particular, some of our welfare must be sacrificed to increase the welfare of future generations. And this sacrifice must be imposed by the far-sighted on the short-sighted if future generations are to come into a decent world.

Futurists thus tend to arrive at the conclusion that only governmental intervention can protect the interests of the long-term future. Writes futurist Daniel Bell, in his book *The Cultural Contradictions of Capitalism*: "The decisive social change taking place in our time—because of the interdependence of men and the aggregative character of economic actions, the rise of externalities and social costs, and the need to control the effects of technical change—is the subordination of the economic function to the political order." In the same book he also says, "Ours is a world that will require more authority and more regulation."

Likewise Abraham Sirkin, writing in the *Futurist*, says: "Because of potential shortages, higher costs, environmental dangers, growing congestion, and increased safeguards against crime and terrorism, we will have to accept some unaccustomed restraints on our freedom of movement, action and ownership."

We thus end up with the unappealing idea of reducing the liberty of the present inhabitants of the earth in order to enhance the material well-being of future inhabitants. But is this really required? Consider two concrete examples involving the interests of people who will live in the future: helium conservation, and the disposal of toxic wastes.



The Helium Dilemma

HELIUM is an inert gas that has a variety of commercial uses. Perhaps its best-known use is for inflating lighter-than-air craft such as dirigibles and blimps. It is actually more widely used, however, for inert-gas welding, as a constituent of anaesthetic and breathing mixtures for medical purposes, as an inert carrier gas in chemical processes, and as a coolant or heat-transfer agent in energy production.

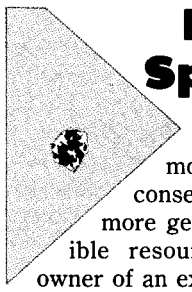
Helium occurs as a trace constituent of the atmosphere and, more important, mixed with natural gas in some gas fields. Formed as a harmless decay product of uranium and thorium, it tends to collect in the same types of rock formations as natural gas does. Thus, helium is currently produced commercially by extracting it from natural gas before the gas is burned. If the gas were simply burned, the helium would be dissipated into the atmosphere.

Now we confront a dilemma. The amount of helium that could be extracted from the natural gas being consumed today is far greater than the current market can consume. It is expected that after the year 2000, though, helium consumption will grow to several times today's level as a result of increasing use in energy production. Unfortunately, it is expected that the helium-bearing natural gas fields will be exhausted about the year 2000. So, just at the time when demand is expected to increase, the existing supplies could disappear.

People in the future could obtain helium directly from the atmosphere, at an estimated cost of about 50 times what it costs to extract it from natural gas. Helium could also be obtained in the production of liquid oxygen, at a cost of about 5 times what it costs to extract it from natural gas. (In effect, removing oxygen, nitrogen, and other gases from a tank of air increases the concentration of helium in the remainder, thus making it cheaper to extract than if it were extracted from ordinary air.) But the projected demand for oxygen and other atmospheric gases would provide only enough helium to meet one-fifth of the expected demand.

So it appears to be simply common sense to conserve helium now, when it is readily available at low cost, so it will be available in the future when it will be both costly to produce and in great demand. And for many years the federal government has in fact maintained a helium conservation program. The helium is extracted from natural gas and pumped back underground into exhausted natural gas fields, to be extracted again in the future when needed. The taxpayers are paying the costs of extraction and storage.

There has been considerable discussion of this helium conservation program, all in terms of how much people today should be willing to sacrifice for the benefit of people in the future. Clearly, it is a sacrifice: tax monies are being expended now so that in the future helium will be available at much lower cost than it would have been otherwise. Clearly, also, it is an exercise in coercion: it represents a lessening of people's freedom to use the wealth they have produced as they choose; instead, their wealth is used to benefit their descendants.



Resource Speculation

LET'S DIGRESS for a moment from the helium conservation issue to the more general issue of exhaustible resources. How does the owner of an exhaustible resource behave if he is looking out for his own interests? In the view of some futurists, that owner will want to get his profit as rapidly as possible. He will therefore exhaust that resource as quickly as he can, with no thought for the future. So at some later date, even though people will need that resource, it will have been used up.

But consider: If a particular resource will be more valuable in the future than it is today, it is in the interest of the owner to conserve that resource so that he can sell it at the higher price that will prevail in the future. The only real question facing the owner of the resource is how rapidly the price will increase. Will he garner more income by extracting the resource now and investing the returns in some other activity or by preserving the resource for later sale? If the rate of increase of the price of that resource is

Is it really necessary to reduce the liberty of the present inhabitants of the earth in order to enhance the material well-being of future inhabitants?

greater than the productivity of money invested in some other activity (say the interest rate paid on a money market fund), then it makes sense for the owner to conserve the resource.

Does that conservation involve any sacrifice on the part of the owner? No. He does not need to raise the question of whether he prefers the good of other people in the future to his present good and, if so, how much. If the price of an exhaustible resource is increasing rapidly enough, it is to the owner's best interest to conserve that resource for future sale.

Suppose, though, that the price of the resource is not increasing rapidly enough in the present, but it will become much more valuable 20 to 30 years hence (as is the expected case for helium). The owner might well be dead by then, so how would it benefit him at all to conserve the resource? If the waiting time is quite long, doesn't the owner really have no choice but to exhaust the resource now? Doesn't the finite lifetime of the owner force him to take a short-sighted view?

This argument overlooks the fact that an exhaustible resource has a sale value. For instance, the owner of a mine can remove the ore and sell it, or he can sell the mine itself to someone else who will remove the ore. The sale price of any resource is based on expected future income from that resource. The sale price of a mine, for instance, is based on the amount of ore believed to be in it and the expected future sale price of that ore. Partial exploitation of an exhaustible resource lowers the selling price, since it reduces the potential future income. So the owner of an exhaustible resource always faces a trade-off between current income from the resource and the sale value of that resource, and it is in his self-interest to consume (exploit) the resource at a rate that maximizes his *total* wealth: current income from exploiting part of the resource plus the sale value of the remainder.

Consider a specific example. Savings and loan institutions have no hesitation in making 30-year mortgages even though many of their depositors will have died or will have withdrawn their money before then. That is, they lend money for a 30-year period even though the owners of that money may not be around in 30 years. They do this because the resulting mortgages have a market value. They can be sold to other banks at a price based on their expected future income (this amounts to the unpaid balance discounted at the interest rate available for current investments). Because of this possibility of resale, it makes sense for the depositors to invest their money in resources that have a 30-year pay-off period.

The same holds true for railroad and utility bonds. These are often issued with maturity dates 30 or 40 years in the future. Why do people buy them when they probably cannot expect to live to cash them in? Simply because there is a ready market for them. A given bond may change hands several times between issuance and maturity. It gives each successive owner the opportunity to increase his wealth by receiving interest, as well as holding a claim on the return of principal.

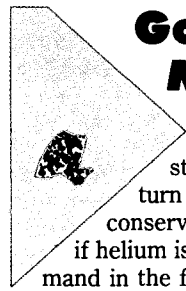
Thus, it is quite possible to take the needs of the future into account by permitting the establishment of markets in which assets with future values can be bought and sold. It may be objected that the people of the future cannot bid in such a market. While true, that is irrelevant. If some resource is likely to be valuable in the future, it pays someone who is alive now to invest in that resource and hold it for later sale. The fact that the waiting period may be longer than any single individual can wait is also irrelevant. As long as a resource is expected to have a higher value at some future date, people will buy it as an investment, and the price at which it can be sold will rise as the future date approaches.

Of course, there can be no certainty that a given resource will increase in value. For instance, people now expect that there will be a big demand for helium after the year 2000. But in the 1920s it was also expected there would be a big future demand for helium for lighter-than-air craft. That demand did not materialize. Anyone who stored helium in anticipation of a large market for helium for inflating dirigibles would have lost money.

Someone who holds a resource in anticipation that it will increase in value is known as a speculator. While the term is often used pejoratively, in actuality the speculator performs an important function. The purpose of any market in assets with a future pay-off is to transfer risk from people who do not want to bear it to people who are willing to bear it for a price. The speculator, then, is someone who believes an asset will increase in value but who is willing to assume the risk that it will not. He will demand a premium for assuming that risk, and the greater the risk, the greater the premium he will demand. The function of the speculator can be more easily performed if there is a market in which people can readily buy and sell assets with future pay-offs.

Such a market would actively foster conservation of resources. While speculators are interested in profit rather than in conservation per se, speculation in resources with an expected large future demand automatically results in conservation. The people of the present cannot exploit a resource unless they first outbid the people of the future, as represented by the speculator. Thus the interests of the people who will live in the future are actively protected even though they cannot bid in the market.

Government Muddling



WITH THIS UNDERstanding, let us now return to the problem of helium conservation. We can see that if helium is going to be in great demand in the future as compared with the present, there is money to be made in storing it for future sale. So conserving helium does not require sacrifices in the present for the good of people living in the future. Instead, it requires postponement of current consumption by those who invest in storing helium. But this is no different from any other investment. In each case, the postponement of current consumption is rewarded if the investment pays off. At most, it represents only a temporary sacrifice, a sacrifice that is compensated for if the investor has made a sound investment.

In fact, it appears that storing helium is a profitable enterprise. Several analyses indicate that if the expected future demand actually develops, the government will get back not only its investment in helium but interest on the money tied up in the enterprise. There is no guarantee, however, that the expected demand will actually develop.

The result, then, is that the government helium storage program has turned us all into involuntary speculators. Our tax money is being used to speculate in helium ownership. We are all being asked to bear the risk that helium will ac-

Why hasn't a private market in helium storage developed, since it has a high likelihood of being profitable?

tually be in great demand in the future.

But there is more to it than that. If the expected demand actually develops, the government will sell helium at a profit, and presumably the taxes of people in the future will be slightly lower than they otherwise would have been. That is, people in the future will have helium available at a lower price than without the storage program, and they will also pay lower taxes. Meanwhile, we in the present are paying higher taxes than we would without the storage program. This amounts to a direct transfer of wealth to the people of the future—who, if the economy continues to grow, will be wealthier than we are. Hence we are not only being forced to speculate; we stand no chance of gaining even if the speculation pays off. We are being asked to make a sacrifice for the benefit of people who are likely to be wealthier than we are.

This whole arrangement is hardly fair from any standpoint. The people now living lose, no matter what happens to the demand for helium. The people of the future cannot lose, no matter what happens.

All in all, it would be better if the risks of helium storage were borne voluntarily by speculators who believe the demand for helium is going to grow. They would risk their own money, not anyone else's. By being able to sell out whenever they choose, they could obtain some portion of the gain during their lifetimes. And if the demand failed to develop, the speculators, not taxpayers, would stand the whole loss.

So we have to ask, why hasn't a private market in helium storage developed, since it has a high likelihood of being profitable? Why do people buy 40-year railroad bonds but not shares in ownership of stored helium?

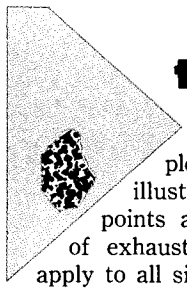
The problem goes back to 1917, when it appeared that helium would be needed for military dirigibles. To assure adequate supplies, the government established a monopoly over extraction and sale of helium. Even though the large-scale military uses never developed, this government monopoly continued until 1961.

During the late 1950s, a shortage of helium actually developed, since the Bureau of Mines did not have the manufacturing capacity to meet total demand. Rather than simply expand capacity, a new program was established. The Bureau of Mines would buy helium for both sale and storage. Private companies were permitted to extract helium from natural gas and to sell it to the bureau or to nongovernment users. The bureau retained a monopoly on sales to government users and to government contractors. The price set for helium by the Bureau of Mines was intended to recover all costs of the operation, including interest.

The scheme went awry right from the start. The private companies were able to undercut the Bureau of Mines' selling price for helium, taking away the nongovernment market. Thus the long-term purchase contracts the bureau had entered into resulted in more helium going into storage than originally planned. More helium was being conserved than had originally been intended. From the standpoint of the original purpose of the program, this would not matter. The government would still get its money back, but at a later date than originally anticipated. But if private companies could profitably engage in helium sale, why did they not also go into the business of helium storage?

Perhaps the most immediate reason there is no private investment in helium storage is everyone's assumption that this is the government's job. But over the longer term, the existing government-owned stockpile of helium presents a serious threat. It represents an enormous market overhang that the government could dump at any time for purely political reasons. For instance, if the price went up, the government might sell helium to "stabilize prices" or to "avoid market dislocations that would accompany a precipitous rise in prices." Since the officials making the decisions do not have their own money invested in storing helium, they might well sell it in order to depress prices, for the benefit of small but politically influential groups of helium users. It would not be the first time government officials betrayed the taxpayer for the benefit of influential constituents.

This constant threat of government dumping of helium, any time it appears that the owners of privately stored helium might make a profit, is sufficient to discourage private storage. By its own actions, then, the government has driven private speculators out of the helium storage market, has converted all American taxpayers into speculators in helium, and has guaranteed that the present generation loses while a future generation that is likely to be richer stands to win a great deal.



Valuing the Future

THIS CONCRETE example of helium conservation illustrates several general points about the conservation of exhaustible resources. These apply to all situations of exhaustible resources that are of value both in the present and in the future.

First, the argument that the future cannot vote today, nor can it bid in today's markets, is true but irrelevant. If a resource is going to be needed in the future, then its owners will have an interest in conserving some of it for future use. The more valuable the resource will be in the future, the more of it they will conserve as opposed to exploiting now. This remains true even if the time when the resource is greatly valued will be after the death of the present owners—so long as a market exists in which the resources can be bought and sold.

Second, the frame of reference in which futurists typically discuss the problem of exhaustible resources—of sacrificing welfare in the present to increase welfare in the future—misapprehends the true issue. If people are willing to speculate on a higher value for the resource by holding it as an investment (and thereby conserving it), they are not making any sacrifice. They expect to be rewarded by the investment paying off. And if it doesn't—if the resource is not more valuable in the future—the speculators' loss still does not represent a sacrifice of their welfare for the benefit of someone else; it represents the penalty for making a bad investment.

Third, the conservation of exhaustible resources that will be needed in the future can be greatly aided by better forecasts of future demand. George Stigler, the University of Chicago economist, has listed as one of the classic instances of market failure the failure to anticipate the future properly. An individual may not perceive his own best interests if he fails to anticipate the future. In particular, the owner of an exhaustible resource may decide to exploit it now because it will have no value later. If he is wrong about that, he will suffer a loss or will gain less than he could have by conserving the resource. That is, a mistaken belief about the future value of

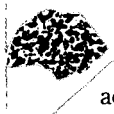
Can people in the present escape responsibility for dumping toxic wastes if they can postpone the day of reckoning long enough?

a resource harms the present owner as well as would-be future users. Better forecasts, which made clear the likely level of future demand for a resource, would benefit both the present owner and would-be future users.

Fourth, futurists can greatly assist the functioning of markets in resources with future value by providing good forecasts of future demand for those resources. In this role, they can do much more good than they can by urging governments to require sacrifices in the present generation for the welfare of future generations. Such coercion may benefit no one at all, or it might benefit a wealthier future at the expense of the present. It may even harm the future by causing malinvestment in the present.

With regard to exhaustible resources, then, we can conclude that freedom in the present does more good for both the present and the future than does coercion, no matter how well-intentioned that coercion may be.

The Waste Dilemma



TOXIC WASTES are the direct opposite of exhaustible resources: they are actually worth less than nothing, because it costs resources to dispose of them. Hence they can be a problem for both the present and the future.

Our concern here will be the long-term storage of toxic wastes. This differs from the problem of pollution that is emitted as soon as it is produced. Pollution exists as an environmental externality only because people have been denied property rights in the environment. Recognizing these rights would allow us to treat pollution as trespass. The victim could take the polluter to court or sell the right to pollute, at a price acceptable to both him and the would-be polluter. With toxic wastes, however, we are concerned with the problem of "pollutants" that are intended to be kept out of the environment by storing them.

Consider some toxic chemical that has no economic value and must be kept segregated from the environment "forever." (Note that radioactive wastes *eventually* decay, even if it takes millions of years for some of them to do so. Some toxic chemicals, especially heavy metals, never decay. Their "half life" is infinite. Hence they may pose a more severe problem than do radioactive wastes.) Suppose someone stores a large quantity of such a chemical in containers that might reasonably be expected to corrode or leak in, say, 50 years, and the stored wastes will then become a significant environmental hazard. But what can the people who will be faced with that hazard do? The company that stored the chemicals might have gone out of business. The company officers who made the storage decision have probably all died. Who can be sued? Who can be held responsible for solving the problem?

This example illustrates the nature of the dilemma. It appears possible for people in the present to leave behind a mess for the future to clean up. It appears that people in the present can escape responsibility completely if they can postpone the day of reckoning long enough. Moreover, it appears that there is no possible "marketplace" solution, as there is with exhaustible resources. There is no one who will speculate by buying toxic wastes, since clearly they are not expected to increase in value. They represent a dead loss, since it will cost resources to store them safely.

Under such circumstances, it appears necessary to have someone in the present "vote" on behalf of the future. It appears necessary to exercise coercion to prevent people from irresponsibly dumping their wastes in such a manner as to create problems for future generations.

But appearances are often deceiving. They are in this case. Not only can the interests of the future be protected by a free society with a free economy, but this protection can be accomplished without coercing anyone.

Short-sighted Disposal?

LET'S START with a simple case. Assume an individual has some toxic wastes that he wishes to dispose of. Assume he has a plot of ground on which to do so. Assume further he intends to use a disposal method that will ensure that the waste will never leak across the property boundaries. However, the plot of ground on which he disposes of the waste will be contaminated and useless for any purposes ever after.

To many futurists, this is precisely the kind of situation that should be avoided. Contaminating the land in that fashion means it can never be used for anything else. People in the future would be denied the use of that land unless they went to the expense, often inordinate, of decontaminating it.

Consider, however, why an individual would contaminate a piece of land in that fashion: only if that method of waste disposal were less costly than any alternative method. The land has alternative uses, and it therefore has a price that represents the stream of income from the most valuable of those alternative uses. So disposal of waste by contaminating a plot of ground is not "free." The person disposing of the waste is out the selling price of the land. But since he is willing to accept that cost, it must be presumed that any alternative disposal method costs even more.

But here, the futurist might respond, is precisely the problem. By his short-sighted focus on costs, the "disposer" has denied the use of a piece of land to all future generations. But let's look at this "short-sighted focus on costs."

There are methods for disposing of toxic wastes other than land disposal. For instance, they can be neutralized chemically or subjected to high-temperature combustion in special burners. These other methods of waste disposal also consume resources, however. In particular, other methods may require human labor, energy, and chemicals obtained from exhaustible resources.

In a free economy, the cost of any resource is an accurate reflection of the value society places on that resource—and that includes an estimate of the future value of the resource, just as the selling price of land includes an estimate of future income from the land. Thus the fact that other waste-disposal alternatives cost more than does contaminating a piece of land means that society places a greater present-and-future value on the resources consumed by those alternatives than it places on the piece of land.

If the owner of the toxic wastes and the land were prevented from contaminating the land, the people alive in the future would have it for use. But they would *not* have for use any of the exhaustible resources consumed by an alternative disposal method. Moreover, they would

Disposal of toxic waste in a manner that poses a future threat is in fact a violation of rights of people alive now.

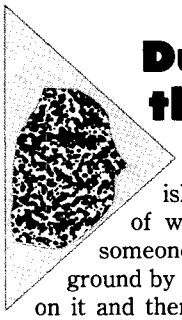
not have the results of using renewable resources in their most-valued use instead of in disposal of the waste. Put another way, if the waste is disposed of by some alternative means, the people alive in the future would inherit an additional usable piece of land but would also inherit a smaller capital stock, a poorer economy, and a more depleted supply of exhaustible resources.

Which of the two outcomes would the people of the future prefer: the additional land and a poorer economy, or a richer economy but not the particular piece of land? In actuality, it is impossible to know; any claim one way or the other must be recognized as being possibly in error. The important point is that basing the decision on relative costs is *not being short-sighted.* Instead, it represents a decision based on society's current best estimate of the present *and future* value of the sets of resources required for each of the alternative disposal methods.

The futurist may respond that this view leads to absurd results. Suppose each generation contaminates a certain amount of land, arguing that the people in successive generations would prefer a richer economy to the land. Eventually every bit of land on the earth's surface would be contaminated. An attitude that leads to such an absurd outcome cannot be correct.

But this argument is wrong, because it attempts to hold values constant, while in fact people are constantly responding to the changing scarcity of resources. The first plots of ground selected for waste storage will be those that have the lowest value. That is, the plots selected will be those whose alternative uses are valued least by society. But once the least-valued plots are used, additional waste disposal will have to be done on land with more and more valuable alternative uses. Eventually the value of the land for alternative uses, as reflected by its price, will exceed the cost of alternative methods of disposal. (This is already happening to landfill sites for trash disposal near large cities.) At that point, people will switch from disposing of waste by contaminating land to disposing of waste by some alternative means. Again, the cost of various means of toxic waste disposal will reflect present *and future* values of the alternative uses for the resources consumed by waste disposal.

The point is simply that in a free economy, the means selected for toxic waste disposal will utilize those resources (land, labor, energy, capital equipment, materials) whose alternative uses, both present and future, have the least value. Just as with the case of exhaustible resources, futurists can play an important role in helping society make decisions about toxic waste disposal. This role does not consist in attempting to "speak for the future" by insisting on one or another specific approach to waste disposal. Instead, it involves providing better estimates of what the future value of various resources will be. These estimates will affect current prices for the resources, as speculators attempt to profit from projected shortages. Accurate estimates of future demand for particular resources will help the market satisfy the demands of the future, despite the truism that the future cannot bid in the market.



Dumping on the Present

BUT WE'RE NOT finished with the problems of waste disposal. Suppose someone contaminates a plot of ground by disposing of toxic waste on it and then tries to sell that plot. The selling price should be based on expected future income from the plot, less the cost of decontaminating it. But this will be true only if the buyer knows the land has been used for disposal of toxic waste. What if the "disposer" passes off the land to an unsuspecting buyer? This is a clear-cut case of fraud and deception.

One of the classic roles of government in a free society is protecting people against fraud and deception. The precise nature of the laws required may be subject to debate, but at a minimum they should require disclosure to the buyer that land has been used for toxic waste disposal. Perhaps even public registration of the fact of disposal should be required. Failure to disclose or register should be punishable as an attempt at fraud or deception. Moreover, the buyer should be able to obtain redress. Freedom to contaminate one's own land by using it for toxic waste disposal does not include "freedom" to defraud or deceive others about the uses to which the land has been put.

There is yet more to the problem. We have so far assumed that the disposal method restricts the wastes to a particular plot of ground, which is owned by the disposer. What about disposal methods that threaten leakage across boundary lines?

Immediate leakage is no different from any other type of pollution; it should be treated as trespass. Private property rights in the environment provide adequate protection against this problem. It is delayed leakage that concerns the futurist.

Suppose someone stores steel drums of toxic waste on his own property. It is reasonable to predict that eventually the drums will corrode, and the toxic waste will leak out. Its spread then may be unlimited. Diffusion through the soil, leaching by rainwater, etc., may carry the waste to a neighbor's property. And so, asks the futurist, what then? The wastes have been stored for perhaps 50 years. The owner of the land is dead. He made no attempt to sell the land, and it has probably passed into the possession of the state for failure to pay back taxes. Now who is responsible for the cleanup? The taxpayers? Hasn't the market allowed the disposer to escape the consequences of his actions? Doesn't that mean that some kind of coercion is justified to prevent people from acting in such an irresponsible fashion?

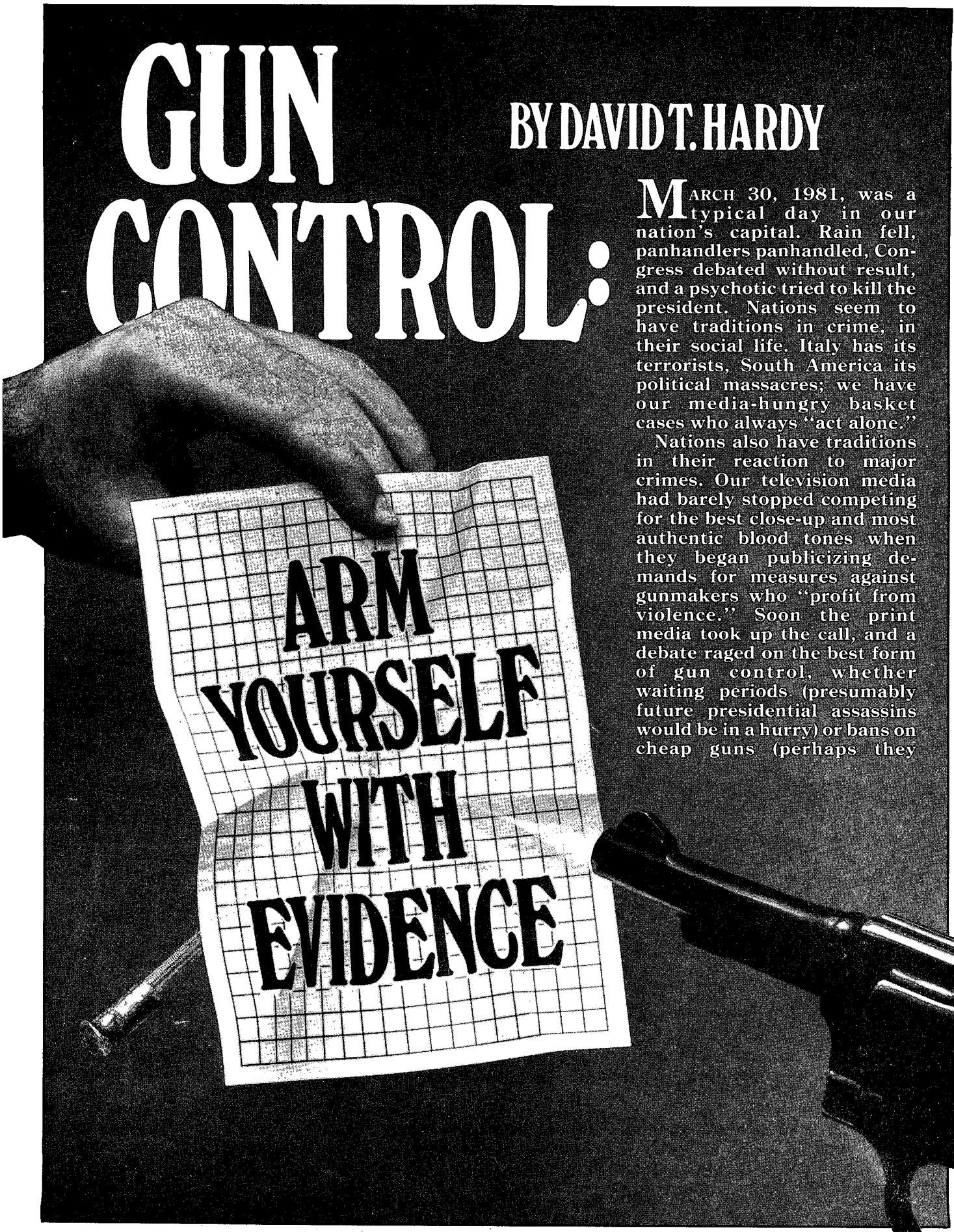
We must again note that the value of any resource is based on expected future income. In particular, this includes the value of the land adjacent to that on which the waste was stored. Wastes whose leakage can reasonably be predicted reduce the expected future value of the adjacent land. Even a slight risk of leakage will reduce to some degree the future value of the land. This reduction is reflected in a reduction in current value. Thus, storage of wastes in a manner that has some possibility of leakage represents an immediate and direct reduction in the value of adjacent land. The owners of that land have a legitimate grievance *in the present.* It is not necessary to await the future, and the possible catastrophe, to object to "impermanent" storage methods. The fact of a future problem is reflected in the present, in a diminution of the value of potentially affected property.

Once it is recognized that a possible future threat produces a legitimate grievance in the present, the inability of the future to vote today, or to bid in today's markets, becomes irrelevant. The people living in the present already have adequate reason for protecting the interests

(Continued on p. 46)

GUN CONTROL:

BY DAVID T. HARDY



MARCH 30, 1981, was a typical day in our nation's capital. Rain fell, panhandlers panhandled, Congress debated without result, and a psychotic tried to kill the president. Nations seem to have traditions in crime, in their social life. Italy has its terrorists, South America its political massacres; we have our media-hungry basket cases who always "act alone."

Nations also have traditions in their reaction to major crimes. Our television media had barely stopped competing for the best close-up and most authentic blood tones when they began publicizing demands for measures against gunmakers who "profit from violence." Soon the print media took up the call, and a debate raged on the best form of gun control, whether waiting periods (presumably future presidential assassins would be in a hurry) or bans on cheap guns (perhaps they

Photograph by Joyce True

would be short of cash or have left their American Express at home), or total handgun bans (although one might wonder whether Brady would have recovered from his head wound, or Reagan from a shot in the chest, if the assassin had used a sawed-off shotgun rather than a .22 pistol). The debate then moved into the direct-mail business, as various gun-control groups sought to get money while the getting was good.

NEW YORK HAS HAD HANDGUN CONTROLS FOR 71 YEARS, BUT THE STATE'S MURDER RATE HAS PERSISTED IN RISING AT TWICE THE NATIONAL AVERAGE.

In all this, no one seemed to ask the question that should have been asked first: Why, in 1982, are we talking about gun control at all?

Gun control is hardly a novelty in America. Our first laws controlling concealed weapons date from 1813; handgun permit systems were extensively applied to free blacks in the antebellum South; our first handgun ban came in Georgia in 1837. By 1920, when England adopted its strict handgun controls, much of our Southeast and Southwest banned most or all handgun carrying.

Not that it did either England or America much good. The southern laws were repealed or amended out of existence in the years since, and homicide rates fell nonetheless—by 65 percent in Atlanta and 78 percent in Memphis, for instance. The English controls have been steadily tightened, and a few years ago a Cambridge University criminology scholar said of his findings: "One is forced to the rather startling conclusion that the use of firearms in crime was very much less when there were no controls of any sort and when anyone, convicted criminal or lunatic, could buy any sort of firearm without restriction."

Far from being novel, virtually all modern gun control contentions ("crimes of passion," self-defense, mandatory sentencing, and others) can be found in articles written during the 1920s. Even the sinister "gun lobby" appeared as early as 1911, when a New York politician slapped that label on hardware store owners testifying against a gun law.

Given the brevity of human memory, rhetorical reruns are perhaps to be expected. That the arguments recur is not so astonishing as the refusal to look to their results in the past.

A History of Failure

Probably the clearest example of unfulfilled hope is New York. Back in 1911, "Big Tim" Sullivan had promised that his handgun permit law would do more to stop killing "and save more souls than all the priests and ministers in the state." New York City's murder rate proceeded to shoot up 18 percent in 12 months. Rather than admit the possibility that there was something to be learned here, the legislature concluded that the law was too weak: it was amended 68 times in the following 70 years. The state's murder rate persisted in rising at twice the national rate.

Still, the legislators piled on more restrictions: New York City adopted its own, tighter permit laws and refused to honor state-issued permits. State permit requirements were extended to rifles and shotguns as well as handguns. Issuance requirements were subdivided and narrowed. Applicants were required to submit not only fingerprints and photographs but medical certifications and testimonial letters (police investigated the signers of the letters as well as the applicant).

Then there were the extra-legal barriers. Class action suits had to be brought to force police to hand out application forms, to issue permits in compliance with the law, and to stop denying permits on subjective judgments that a person who changed jobs recently or cleared his throat too often was unstable or too nervous.

Of course, the police and judges were consequently less available for dealing with murderers, rapists, and robbers. By 1980, only one felon arrest in a hundred actually ended in a prison sentence. The New York City chief of detectives was forced to announce that his office would henceforth not even *investigate* burglaries involving under $5,000 in stolen property. The district attorney for the Bronx estimated that in his borough alone there were over 250,000 unserved felony bench warrants, issued because the defendant had not bothered to appear voluntarily for trial: he estimated about 25,000 of these involved persons charged with violent felonies.

The solution—another gun law. Things were a bit desperate: New York had very nearly run out of gun laws to try. Handgun permits (the fashion of the 1920s), rifle permits (de rigeur for a gun controller in the 1960s), waiting periods (the finishing touch for the 1970s) all had been enacted. What was left?

New York's politicians at length found a new fad, one invented in Massachusetts. In April 1975, that state had imposed a one-year mandatory sentence (no probation or parole) for carrying a firearm without a permit. The main impact of the law was upon the judiciary system, which suffered the appeal rate in gun cases jumping from 20 percent of convictions to 95 percent. The conviction rate in appealed cases, meanwhile, plummeted from 91 percent to 35 percent as judges and juries refused to convict under the draconian law.

The Massachusetts law did start with some advantages. April 1975 was a good time to impose any criminal statute, since crime rates had already begun falling, both nationwide and in Boston. From January through March, for instance, Boston had only 11 gun murders, down 35 percent from the same period a year before. In March, gun assaults began a similar drop, falling to barely over half the levels of preceding months. By April, it was a safe bet that the legislature could enact a law mandating good will among men and see it followed by declines in violent crime rates.

Yet normally logical people attributed the decline to the new firearm law, which only formed the basis of 40 convictions in Boston its first year—compared to 2,800 violent firearms crimes and over 11,000 violent crimes overall. A federal research grant soon was underwriting a study at local universities (commonly referred to as the "Pierce-Bowers" study, from two of its authors). Before the gun law was imposed in April, gun murder rates had already begun their drop (in January) and gun assault rates were beginning to drop (starting in March), whereas gun robbery rates reached new highs after April and in fact remained high well into the following year. The expected conclusion would be that an April firearm law hardly

caused changes occurring in January, February, and the following year. But the study managed to suggest causation: the January murder drop must have been due to an attempted enactment of the law at that time; the March assault drop must have been due to the publicity campaign that began in February; the 1976 robbery decline must have been due to robbers having "adopted a 'wait and see' attitude on the gun law as to how it would be applied."

The authors did generously allow that "we presently lack empirical evidence to estimate" the veracity of these explanations—although the supposed purpose of the entire study was to determine whether the law caused the decline. More to the point, after 173 pages of statistical ruminations, the researchers conceded that Boston's experience may be equally consistent with the effects of removing all restrictions on gun ownership and simply penalizing use of a gun in crime—in short, with the National Rifle Association's utopia! "We have not reached the point of knowing whether it is changes in punishment imposed for committing assault or robbery with a gun or simply for carrying a gun without a license which is responsible for the altered crime pattern. This is, of course, critical for evaluation of the relative advantages in terms of crime control of felony firearms laws which mandate additional punishment for crimes committed with a gun as compared to new felony firearm laws aimed at the ownership, possession, and/or carrying of firearms." It goes without saying that this conclusion went unmentioned in all news reports of the study.

Within months the New York legislature was being pressed for such a law by a media campaign, ultimately successful, organized by Governor Carey and by Mayor Koch of New York City. But the latest in firearm laws had the same effects as earlier statutes. In 1980, New York City moved from its position as our fourth most violent large city up to our second most violent—led only by Boston. In 1981, it broke its all-time record for homicides. The following year, the *New York Times* reported: "Crimes committed with handguns have risen at an alarming rate, according to city police figures that compared 1981, the first full year the law was in effect, with 1979, the last full year before the gun law. Slayings committed with handguns increased 25%, robberies rose 56%, and assaults with handguns rose 20%."

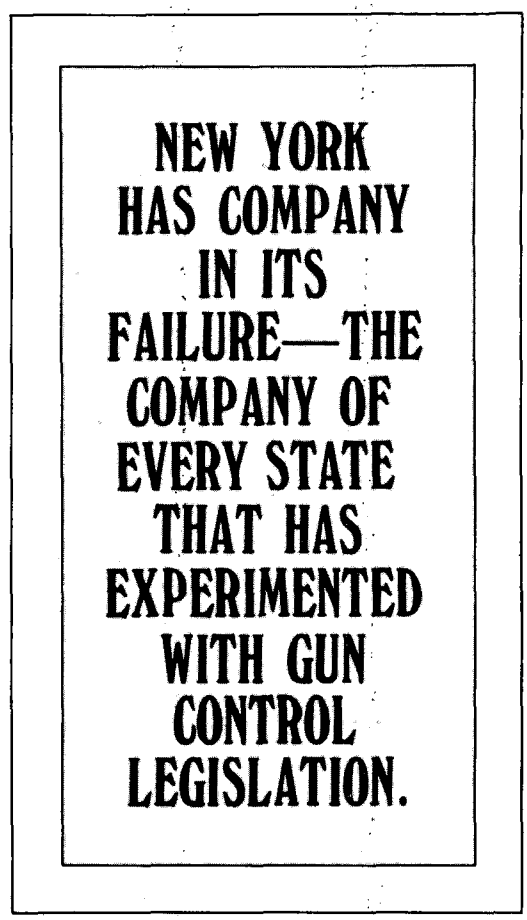
After 9,900 arrests of violators in New York City during the law's first year, the city's police commissioner could still say, "The law needs to be enforced and tightened, but even so, we need to give it more time to work. . . . Every improvement will come slowly, incrementally." This was not, of course, the theme of the campaign for the law in the first place: his estimate that "it will take 15 or 20 years to get us back to a peaceful society" was not heard in those halcyon days. Nor are such estimates heard when the mayor today proposes ammunition controls as the finishing touch to New York's 71 years of gun control failure.

Spiraling Crime Rates

New York at least has company in its failure—the company of every state that has experimented with similar legislation. New Jersey in 1966 adopted a law described by its sponsors as "the most stringent gun law" in the nation. It required registration, waiting periods, a police permit to buy and a separate permit to carry a handgun, plus a permit to purchase a rifle or shotgun. Two years later the state's murder rate was up 46 percent, and its robbery rate had nearly doubled. The following year Hawaii imposed a similar measure. On an isolated island, with handgun registration for over half a century, such a law had a test under optimum conditions. Its murder rate was, moreover, but 2.4 per 100,000—miniscule compared to most states. After four years under the new restrictive gun statute, it was 5.3, a 220 percent increase. The legislature then imposed a truly draconian *two-year* mandatory sentence for carrying without a permit. Four years later, the rate was 7.7. The legislature imposed a "Saturday Night Special" ban; today, the murder rate is 8.7 per 100,000 population.

Nor was this the only disappointment. The District of Columbia in 1976 banned all civilian handgun sales, required registration for all other guns, and mandated that all firearms kept in the home be disassembled or trigger-locked. Violent crime rates had gone into a slump just before its enactment—a rare enough event in the District—but they promptly began spiraling after the new gun law was imposed. In the two years before its enforcement, for instance, murder rates had fallen 30 percent; in the two years after they rose 18 percent. The law was a disaster.

The only resource was creative accounting. A special project had been set up within the US Conference of Mayors, funded by a $600,000 foundation grant, specifically to propagandize the expansion of gun laws. The raw *number* of murders *had* declined—because people were moving out of crime-ridden D.C. faster than the murder rate per population unit was increasing. Taking only raw numbers and not rates, the project proclaimed the gun law a success. Rather than admit that rates had fallen over the two years before the law, they averaged those years to get a "before enactment" figure. Nor did they mention that Baltimore, the nearest major city to the District, had over the same period seen a 46 percent drop in handgun homicides *without* a new gun law. The National Rifle Association was, of course, not slow to point out these errors.



The end result was that by 1981 advocates of gun controls were back where they had been in 1961—citing the examples of England and Japan, simply because there were no American jurisdictions with any favorable results. The obvious distinctions, both cultural and judicial (for one, those two nations solve 81 percent and 90 percent of their violent crimes; we solve about 45 percent), simply had to be glossed over. And never mind the possibility that English and Japanese citizens kill each other at a reduced rate compared to the US citizens simply because they *attack* each other at a reduced rate—not because those attacks are made with less-lethal weaponry. In 1975, for instance, England had but 1,141 assaults; we had 484,710; the current Japanese assault rate is but

one-ninth ours, their current murder rate about one-fifth—meaning that when an assault *does* occur in Japan, it is nearly twice as likely to result in a killing.

THE CASE FOR GUN CONTROL WENT FROM BAD TO WORSE AS STATISTICAL STUDIES BECAME MORE REFINED AND DETAILED.

Occasionally, the desperation of gun law advocates in their search for a jurisdiction, somewhere, that has reduced crime with a gun law becomes almost humorous. When South Carolina tightened its laws a bit (requiring, for example, better identification of a purchaser), it did so a year before crime rates entered a temporary drop, not just in that state but throughout the East Coast. After the statistics showing the drop were released, Sam Fields of the National Coalition to Ban Handguns drafted an entire article asserting that the gun law had caused the decline. It was a masterpiece of chutzpah.

No one was ever going to argue that South Carolina now had a "strict" gun law—least of all NCBH. So Fields argued that the decline showed what even a very modest change would do. The annoying fact that violence rates had declined throughout the East Coast was taken to prove that South Carolina's gun law had obviously interrupted illegal gun markets all up and down the coast, so that its modest change had influenced crime rates in a quarter of the United States. There were other annoyances: the homicide rate had begun to fall a year before the law was enacted, and in the period following its enactment, blunt-object homicides fell 33 percent, showing that the drop in killing was not due to the firearm law.

Gun Law Data

Nor has NCBH and its sister organizations been able to find much solace in the social sciences. The three earliest studies of firearm laws had all concluded that no significant relationship between firearm laws and crime rates could be shown. These early studies were rather crude: for the most part they treated states as either having "gun laws" or not, whereas firearm laws come in wide varieties and degrees; and they failed to consider other social conditions.

In the mid-1970s a second generation of studies became available. These divided state gun laws into different classes—permit to own, permit to carry, dealer licensing, waiting periods, and so on—and thus could test specific laws as well as groupings of those. Moreover, they used statistical techniques to determine the effects of social variables such as income, education, sex, race, age, and urbanization. The 1975 study of Douglas Murray, an economist at the University of Wisconsin, set the stage. Taking into account all social variables and seven forms of handgun laws, he looked at state rates for handgun homicide, suicide, assault, robbery, and accidental deaths. Murray found no significant relationship between any one handgun restriction, or all of them combined, and the rates for criminal or harmful use.

Murray's study did not go uncriticized. Matthew DeZee of Florida State University pointed out several shortcomings and reran the study using corrected data and format. DeZee found no significant relationship when laws were taken individually, none when they were taken in various combinations, and none when all were considered as a mass. "Gun laws do not appear to affect gun crimes"—an unusual conclusion from a social scientist who advocated handgun prohibition.

Joseph Magaddino, a professor of economics at California State University at Long Beach, went Murray one better. Magaddino formulated an elaborate econometric model that could take into account not only gun laws and social variables but the deterrent impact of probabilities of arrest and punishment. His findings: (1) the probability of arrest has a strong effect on violent crime rates; (2) increasing probability of imprisonment has a strong impact on homicide and a lesser impact on assault rates; (3) the only firearm restriction not already incorporated into federal law that appeared to have any impact on crime was a ban on carrying loaded firearms in vehicles, and all that could be said even of this was that it appeared to have "some level of deterrence" for robbery and assault but not for homicide.

With Magaddino's study, the development of the "second generation" statistical work was complete. The results had been universally and strongly negative to the concept of gun control as a means of crime control.

The "third generation" studies brought no more solace to the proponents of such restrictions. These studies zeroed in on individual states, sometimes in great detail. The first was conducted by the California attorney general and involved computerizing all violent deaths in the state for the first half of 1975, then breaking them down by means, location, county, and cause. Among its relevant conclusions, the study found no significant difference between the percentage of gun and nongun robberies that resulted in murder of the victim (0.8 percent and 0.8 percent) and found compelling evidence that concealability of weapon was *not* a factor in homicide. The large amount of data available enabled the study to focus in on firearm homicides alone and to break these down between residential and nonresidential killings and handgun and long-arm use. The finding was that a murderer who attacked away from his home was no more likely than one who attacked in his own home (where concealed carry is obviously not vital) to choose a handgun over a rifle or shotgun.

A year later, sociologists David Bordua and Alan Lizotte completed a still more intensive study of the 102 counties in Illinois. They obtained data on gun ownership in each county, augmented this with extensive statewide surveys on reasons for and nature of gun ownership, and considered economic and social data for each county. The results: (1) considered in isolation, gun ownership rates had an almost perfect *negative* correlation with violence rates; (2) when social variables—largely urbanization—were considered, there was no relationship between violence rates and gun ownership; (3) the segment of the population with the highest percentage of handgun ownership from self-protection motives was not "rednecks" but single black women living in high-crime urban areas.

Thus the case for gun control went from bad to worse as statistical studies progressed into steadily more refined and detailed formats. Yet do we still hear cries for more firearm control?

Criminal Results

The main effect of restrictive gun laws is to artificially inflate the crime rate by criminalizing conduct, on purely regulatory grounds, that is engaged in by tens of millions of citizens. And how are such

NOTES ON SOURCES

Virtually the only books on the American firearms issue that are well researched and readable are Lee Kennet and James Anderson, **The Gun in America** *(Greenwood Press, 1975),. and Don Kates, ed.,* **Restricting Handguns: The Liberal Skeptics Speak Out** *(North River Press, 1979). (A second Kates book,* **Firearms and Violence: Issues of Public Policy,** *is scheduled to be published soon by Ballinger and the Pacific Institute.)*

The firearm regulation issue is capably discussed from an English standpoint in Colin Greenwood, **Firearms Control** *(Routledge & Kegan Paul, 1972). My discussion of British crime rates before and after adoption of their strict law, which dates only from 1920, is based on information provided in Greenwood, p. 234, and Kates, p. 31.*

Because of the difficulty in compiling crime statistics in turn-of-the-century America, I relied on secondary sources for information on early New York crime rates. These were obtained from Kennett and Anderson, p. 185; a most interesting article in the New York Times for May 24, 1913; and LaMar Beman, ed., **Outlawing the Pistol,** *(Reference Shelf, 1926), p. 33. Beman is also a fascinating source of pro- and antigun rhetoric of the 1910–25 period.*

All post-1930 statistics are taken from the FBI's Uniform Crime Reports for the relevant years, except that figures for the District of Columbia were computed using the number of crimes reported by the FBI and population figures within the limits of that jurisdiction. FBI rate figures for the District are premised upon its Standard Metropolitan Statistical Area, which takes in several Virginia and Maryland counties not subject to the District gun law.

Those interested in additional studies on firearms laws and civil liberties should examine **Hearings on Gun Control and Constitutional Rights,** *Senate Subcommittee on the Constitution, 96th Cong., 2d Sess., serial 96-83 (Sept. 15, 1980).*

Major statistical studies cited may be found at: Krug, **The Relationship between Firearms Ownership and Crime Rates,** *reprinted in 113 Cong. Rec. 20060, 20064 (1967) and 114 Cong. Rec. 1496 (1968); Murray,* **Handguns, Gun Control Laws, and Firearms Violence,** *Social Problems (1975); Magaddino, "Comparative Cross-Cultural Statistics," in Kates, p. 31. These and other studies are summarized in Hardy,* **Firearms Ownership and Regulation,** *William and Mary Law Review (1978). The Pierce-Bowers study may be found at Rossman et al.,* **The Impact of the Mandatory Sentence Gun Law in Massachusetts** *(unpublished, Boston University School of Law, 1979).*

laws to be enforced? Barely 0.02 percent of handguns are involved in a homicide annually. We can safely assume this would be the *last* 0.02 percent to be registered or turned in; street thugs are not known for reverence for the law. Since few proponents of *any* criminal law can claim 99.98 percent enforceability, the problems are obvious. Enforcing officials can always start kicking in doors, but with guns in half the households in the nation...The only alternative is draconian punishments sufficient to cause compliance by deterring violation. But where handguns are kept for self-defense, citizens will give them up only when they become more fearful of their government than they are of street thugs.

Even attempted enforcement would quickly overload the criminal justice system with these artificial criminals. That system is already stretched beyond the limit. Gary Kleck, in an advanced time-series analysis, concluded that homicide rates are a self-perpetuating cycle: more killings overload the system, reducing probabilities of arrest and conviction, and reduced probability of arrest and conviction results in more killings. Between 1960 and 1970, the homicide conviction probability dropped steeply, and the homicide rate doubled; in the mid-1970s the conviction probability jumped upward by one-fourth, from 30 percent to 39 percent, and the homicide rate fell over 8 percent (despite, by the way, several million new handguns entering the market). The main limits are simply manpower and money. A given police officer can investigate and solve only so many crimes per year, a court try only so many cases, and a prison hold only so many offenders.

Chicago's gun control law has required the dedication of two courtrooms (which thereby are unable to deal with overloads of other criminal cases) solely to trying gun law offenses. One of the judges testified a few years ago:

> *The most striking experience I can take away from the Gun Court... is with regard to the kinds of people that appear there as defendants. For most, this is their first arrest of any kind. I don't mean now that this is their first conviction, but I mean this is their very first arrest of any kind. Many of them are old people, many of them are shopkeepers, persons who have been previous victims of violent crime.*

Naturally, most of these "criminals" get probation, which is why the advocates of stricter gun laws currently consider it imperative to press for mandatory sentencing for gun law violations. Presumably, overloading the courts is an insufficient remedy; now we should push out of prisons a few hundred or thousand convicted robbers or rapists to make room for the new artificial criminals. Considering that weapons arrests even under existing gun laws total well over 100,000 per year, we are talking about no small additional load for the criminal justice system and no small number of genuine criminals removed from confinement to make space for gun law violators.

"GUN LAWS DO NOT APPEAR TO AFFECT GUN CRIMES," CONCLUDED A SOCIAL SCIENTIST WHO HAD ADVOCATED PROHIBITION.

And so we return to the original question: why are we even debating gun control as a crime solution? To have discussed it in the 1920s, or even the 1960s, would have been a reflection on the lack of hard data and detailed studies then available. To have discussed it in the 1970s might have been evidence of emotional commitment. To discuss it today as an abstraction, in the sense that we might discuss a return to liquor prohibition, prior restraint on the press, or what if Longstreet had come up at Gettysburg, might be a source of diversion for depressing moments of quiet that cannot be otherwise disrupted. But to now discuss gun control as a serious approach to crime, and to ignore other solid proposals to deter crime or decrease interpersonal violence in the first place, shows either ignorance of the subject matter or a willful disregard of experience. ◻

David Hardy is a contributor to Restricting Handguns: The Liberal Skeptics Speak Out. *Formerly an attorney in private practice in Tucson, he recently took a position in the office of the general counsel for the National Rifle Association.*

THE SECRECY CHARADE

A long-time researcher on top-secret projects reveals why our secrecy system doesn't work.

BY EDWARD TELLER

Photo/ illustration by Jeff Greenwald

The Soviet Union has secrecy; the United States is playing at it. It is not clear that the use of long-term secrecy for the United States makes any sense. It is clearer that the extent to which we are now enforcing secrecy is exaggerated, and it is completely obvious that merely playing at secrecy has no value at all.

The Executive Order proposed by President Reagan this past April (see sidebar, p. 44), supposedly makes an attempt to give our secrecy regulations a more consistent and effective footing. But widespread criticism of the order includes the charge that it unwisely broadens the government's power to keep information secret.

The goal of changes in our secrecy laws should be to bring about an even stricter policy on a level of less stringency—that is, better protection of far less classified information. Such a policy, by the very fact that it would try to keep fewer secrets, could be more effective in areas that really matter.

The simplest solution would be to abolish secrecy altogether. Unfortunately, this cannot be done. If we were to publish the prospective routes of our nuclear submarines, the sense of having such submarines would disappear.

On the other hand, long-term secrecy is not apt to work. The Soviet Union as a totalitarian police state has placed greatest emphasis on intelligence work, and such work is unhampered by the requirements of civil rights or even common humanitarian values. Furthermore, intelligence personnel in the Soviet Union are among the most influential. Therefore, the secret service attracts much of the best talent in a country where the end is taken to justify the means. One can understand why long-range secrecy has never worked in democracies. Such an attitude is abhorrent to people who enjoy and value freedom in their daily lives.

An assessment of the security system in our nation today is made more difficult because our intelligence community has an interest in appearing to be efficient. The fact that our secrets are being lost is itself a secret that is never admitted except in cases of obvious and indubitable proof.

One way to evaluate what and how much we ought to keep secret is to ask the question: From whom do we wish to keep secrets? from the Soviets? from terrorists? from our allies? from our own people?

My firm belief is that it is useless to try to keep secrets from the Soviets for longer than one year. Therefore, I propose that classified material should be automatically and completely declassified after that period. There may be a few exceptions, but they should be exceedingly few and of clearly demonstrable importance. What one might do to limit their number is to require a presidential order to create such an exception. The president would have to be advised of the reasons why these secrets needed to be kept for a longer period but would assume personal responsibility for their continuance as a secret. This would happen in few cases. The present situation—where we are drowning in *Secret, Top Secret, Special Access, For Eyes Only,* and similar types of information—would be radically and beneficially reversed.

At the same time, the greatly limited secrecy that would prevail in the new situation should and could be rigorously enforced. Violations should be prosecuted as most serious criminal offenses. Today, we have the peculiar situation where we have innumerable secrets and probably not a single convicted violator. In other words, we have a system of unenforceable laws that lowers respect for laws.

The effect on the Soviet Union of obtaining the vast majority of our classified information after a year would be that that nation could save some expense on intelligence operations. We, on the other hand, might well be better able to keep our most important secrets for a year, a feat that we perform with questionable success today. The effect in other respects would be equally beneficial for us.

Aside from the Soviet Union, there is the matter of the availability of our secrets, particularly about weapons, to terrorists. It should be noted that, with very few exceptions, no country that undertook the construction of a nuclear bomb was seriously hampered in its efforts by the existence of secrecy. The myth that terrorists can make an atomic bomb from stolen material in a garage is widely accepted. It is supported in the public mind by the circumstance that a Princeton student could make suggestions about a nuclear bomb that were not nonsense. What is overlooked is the fact that in order to produce a bomb, a group of people who must be highly gifted and of impressive expertise would have to spend $20-$30 million in their "garage." This would be a fairly conspicuous operation.

These statements can be generalized to the troubling question of industrial secrecy. We are well aware that the Soviets are obtaining advanced technology directly or indirectly from ourselves and our allies, partly by purchase of certain items and partly by outright espionage. It seems to me that the right answer is not further complication of industrial interaction with our friends and trading partners, but rather fostering, through openness, more rapid development with which the Soviet Union would have trouble keeping pace. Our secrecy is useless in military areas where the Soviets are probably ahead of us. They not only know all our secrets but probably they know secrets that we will discover in the next three years. In high-technology industries, we are ahead, but efforts to conceal our progress slow us down. On the whole, secrecy seems counterproductive.

The most serious disadvantage is that we keep our own people in ignorance and in a state of ever-increasing confusion. In a totalitarian regime, people don't participate in government, and therefore they do not have a "need to know." The Soviet Union is paying for its policy of secrecy by the lesser involvement of people. This obvious disadvantage of a police state leads to less and less intelligent contributions by junior scientists who are not necessarily the least ingenious.

In a democracy, national policy is most obviously and deeply influenced by public opinion. Therefore, the public has an urgent "need to know." Even if secrets would not interfere with public understanding of the real issues of defense, it would still remain hard to inform our own people sufficiently and accurately enough that the average opinion of the layman would be sufficiently enlightened to arrive at the right decisions. The greatest evil in secrecy is that it encourages ignorance and reinforces emotionally based decisions.

An obvious example is connected with

atomic weapons. The secrets of fission and fusion bombs are several decades old. They are known to at least a million individuals. To imagine that they are secret is folly. If these secrets were generally known, it would be much easier to make it clear to the public that while nuclear war would be terrible, it will not lead to extinction of mankind. The small residue of uncertainty in that statement is connected with the dangers inherent in any radical change in the history of the world.

The danger is greater that a man like Colonel Qaddafi could secretly produce a few atomic bombs and deliver them to selected friendly terrorists. Indeed, proliferation of nuclear weapons is disturbing and quite possibly unavoidable, but secret proliferation of atomic weapons bringing about the situation suggested above would be even more dangerous. This sort of proliferation would be more easily avoided if the United States, having renounced long-term secrecy, would turn to enforced long-term openness in as great a part of the world as possible. I am not saying that greatly reducing our secrecy practices will provide a radical cure for an extra-dangerous headache. All we can hope for in our difficult fight with terrorists and their associates is a better chance to fight an obvious and growing peril.

The rest of the problem is more straightforward and happily connected with a real potential improvement of the present situation. Today, the most obvious and important division between various kinds of regimes can be defined by asking which countries pursue stability and steady improvement of the livelihood of all people, and which choose to embark on radical changes in the political institutions of the world. Those for stability and against any major conflict are our natural allies. This alliance is not based on temporary expedience but on our long-range goals; such associations are almost certain to endure. Allies are also necessary in order to obtain strength and to reduce the danger of war, which is becoming more acute because of the destabilizing and increasing influence of the Soviet Union.

Under these conditions, it is clearly desirable to share our secrets with our allies, thereby increasing the effectiveness of our cooperation. The result, again, may be that the Soviets can penetrate our secrecy with somewhat greater ease. If we recognize that most secrets cannot be kept beyond a year and make arrangements with our allies for joint efforts in keeping secrets for the required short time, the overall result may be better, not only in increasing cooperation but also in enforcing short-term secrecy. The paradoxical effect could be that the Soviet Union may find it harder to obtain secrets under the new regulations than under the present system.

For a period of about 25 years, until the advent of the Reagan administration, the federal government made fitful progress in the direction of declassifying government information and making it available to the public. Since the election of Ronald Reagan, however, that trend has been reversed dramatically.

Perhaps the most important measure it has taken to extend the range of governmental secrecy has been Executive Order 12356, signed by the president in March. According to Allen Adler, legislative counsel of the Center for National Security Studies in Washington, the order's message is unmistakable: "To the sensible bureaucrat, it says that more information should be classified and for longer periods of time. When in doubt, classify."

Adler notes that there are three significant changes EO 12356 makes from the Carter administration classification policy. First, federal officials effectively no longer have the discretion they were given previously to decide whether to classify information. Now, if there is "reasonable doubt," they must classify information pending a review process. Second, it eliminates requirements that government officials consider the public's interest in disclosure before classifying information and that classifications be based on identifiable potential damage to the national security. Third, it permits the reclassifying of information that had been declassified if "the information may reasonably be recovered."

One of the most comprehensive reviews of EO 12356 so far has been conducted by the House Government Operations Committee. It released a report in August that blasted the administration for the secrecy surrounding the drafting of the executive order, the reasons offered by the administration for the changes it was making, and the order's failure to address the real problem—overclassification. The report noted that the White House made only minimal efforts to consult with Congress and the public before adopting the order: the White House took a year to draft the order, yet Congress had only three weeks to comment on it, and it was never released for public comment. (Although executive orders do not need congressional approval to take effect, the Carter administration had published a draft of its security classification rules and actively sought public comments before implementing them.)

Adler emphasized that the actual classification practices of any administration are mediated by the federal bureaucracy, so they bear only a rough relationship to stated policy. Still, there are disquieting indications of the direction the Reagan administration is headed—at the very least regarding the reclassifying of information—in an incident involving author V. James Bamford.

In 1979, Bamford requested and obtained 250 pages of documents on the National Security Agency (NSA) for a book he was writing called PUZZLE PALACE: A REPORT ON AMERICA'S MOST SECRET AGENCY, which is scheduled to be published later this year. The documents concerned a Justice Department investigation in 1975 into reported illegal spying by the National Secu-

rity Agency and the Central Intelligence agency, an NSA operation that placed noted anti-Vietnam war protesters under surveillance, and agency monitoring of international telex communications in possible violation of the 1934 Communications Act.

In the fall of last year, the Reagan administration decided to reclassify the information that Bamford had obtained nearly two years earlier (and some of which he had already given to a reporter for the SUNDAY TIMES of London). Gerald A. Schroeder of the Justice Department wrote Bamford demanding the documents. "You are currently in possession of classified information. . . . It is therefore your duty and obligation as a United States citizen to return this information to the Department of Justice." Bamford refused: the foolishness of reclassifying information that had already been seen by reporters and publishers in this country and abroad apparently eluded the Justice Department.

The Bamford episode is somewhat reminiscent of the censoring policy of Captain Yossarian in CATCH-22, who had to review letters of enlisted men. "To break the monotony, he invented games. Death to all modifiers, he declared one day, and out of every letter that passed through his hand went every adverb and every article. . . . One time he blacked out all but the salutation 'Dear Mary' from a letter, and at the bottom he wrote, 'I yearn for you tragically. A. T. Tappman, Chaplain, U.S. Army.' "

—P. G.

What is even more important, secrecy has prevented a general explanation of the recent efforts by which our MAD policy of Mutual Assured Destruction can and should be replaced by the development and deployment of new *defensive* weapons. These protective weapons are apt to be atomic in nature, but they would play the role of a shield rather than a sword. Today, such a statement seems unacceptable. It is apt to remain in that status unless rules of secrecy are appropriately changed so that more detailed explanations can be offered.

In 1969 when antiballistic missile (ABM) systems first received widespread attention, I mentioned this point in a television debate I had with Richard N. Goodwin. I suggested that we proceed with research on an ABM system and reassess its value at the end of one year. Goodwin replied that allowing the program to start would be like offering the devil a finger: one would end up losing an arm. I suggested that when the review would be held after a year, people would be able to judge the question more intelligently if the interim publications on such systems included more detailed facts—if information could be declassified. Goodwin replied that he had been Jack Kennedy's speechwriter for some years, and that the American people knew all that they needed to know. I mentioned my surprise that, as a liberal, he did not have a greater understanding of the need for openness. Goodwin asked if I were questioning his credentials, adding, "I am as good a liberal as you are." No doubt this is true, but it is equally true that many liberals seem to be unaware of the importance of openness. (The reversal of publicly perceived roles is echoed today in discussions of defense policy. The hawks are arguing for better protection of the population; the doves are arguing for more and bigger weapons.)

One of the main differences between democracies and totalitarian states is that a scientist whose business is openness finds it onerous to work under the restrictions of secrecy in a democracy. In a police state, such feelings of revulsion matter little. In the United States and allied countries during the prelude to World War II, the eagerness for defense work (such as that done on radar and code-breaking computers) saved the free world. The presence or absence of this attitude could easily make the difference between the survival and the extinction of our way of life.

The question of secrecy and openness is not a simple one. Oversimplified solutions, including the one proposed above, will prove to be insufficient. In arguing for openness, I would not like indiscriminately to invite all technically competent people into our laboratories. However, secrets that can be given away in a few sentences will never survive for a long period. By comparison, the transfer of more-complicated information can be made difficult rather easily. Industry has done so for long periods of time. What I am talking about can be compared to the difference between a law of nature and the nebulous thing called know-how. The former should never be a secret (at least not due to human volition); the latter, ill-defined as it is, has been successfully limited by industries for considerable periods.

In the end, the distinction between whether some information should be kept secret or released depends on the exercise of an art. It should be recognized that this art will not be pursued in an effective manner in a free society unless the guiding rules are made as reasonable as possible and unless people recognize the reasonableness of the rules and therefore cooperate willingly in their execution.

I have emphasized that in exercising secrecy, time is the essential element. What is necessary and desirable in the short term becomes impractical and even absurd on a long-term basis. Another less clearly defined guideline may be the distinction between rigid secrecy and flexible privacy. In the longer run, the tricks of any trade can be limited to the chosen practitioners—the general facts cannot be.

That uncertainty remains in the exercise of limiting information is an unfortunate fact. That the present state of affairs is in great need of change is even more obvious. Perhaps the best example is an incident that occurred in the not very distant past when American security officers attempted to prevent a Soviet visitor from informing Americans who did not possess proper clearance about an advance made in the Soviet Union. This Russian secret was in fact well known in American secret laboratories and furthermore could have been easily guessed by the rest of the international scientific community.

As long as we live in a world full of political hazards, the problem of secrecy will remain. But there can be no question that our present procedures could be improved. To my mind, it is completely clear that improvement lies in the direction of fewer secrets and more understanding. ◻

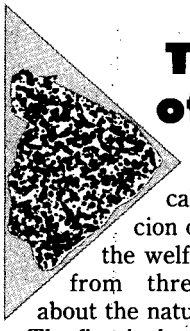
Nuclear physicist Edward Teller was a key member of the Manhattan Project during World War II and later worked at Los Alamos on the development of thermonuclear weapons. He is the author of numerous books on the public policy aspects of scientific and technological issues and today is a resident scholar at the Hoover Institution at Stanford University.

Future Generations

(Continued from p. 36)

of the future. The interests of the future are reflected in present-day interests. In particular, disposal of toxic waste in a manner that poses a future threat is in fact a violation of rights of people alive now.

One need not get tangled up in issues of how much welfare the people of today ought to be willing to sacrifice to assure greater welfare for people in the future. A threat that may exist in the future results in a reduction in the welfare of specific, identifiable people living now. The proper role of the state should be to provide protection and redress for those people whose present welfare is being reduced. Coercion of the present, on behalf of the future, is unnecessary.



The Future of Freedom

THUS THE FREQUENT call by futurists for coercion of the present to assure the welfare of the future arises from three misunderstandings about the nature of freedom.

The first is that freedom means "doing just as you please." Freedom is in fact limited by the rights of others and is conditioned by the expected consequences of actions. The rights of others are defendable under the law. The coercive power of the state is properly deployed to protect those rights and presents a definite limit on doing as one pleases. Expected consequences of actions also place limits on doing as one pleases. People who take actions that result in unpleasant consequences for themselves either learn better or lose the power to act. In a free society, these limits and constraints mean that the interests of others, both present and future, are taken into account in people's actions.

The second misunderstanding is that since the people of the future cannot vote in present elections, and cannot bid in present markets, they are ignored in present-day decisions that will affect them. As we have seen for the cases of both exhaustible resources and toxic wastes, the interests of people of the future are reflected in the interests of specific, identifiable people of today. When those now living protect their present interests, they are also protecting the interests of the future.

The third misunderstanding is that if the future is taken care of by people in the present acting in their own interests, then there is no need for "futuring" by futurists. Yet a free society, in which people seek their best interests within the limits set by the rights of others, very definitely needs good "futuring." How else can people know what their best interests are if they do not know what future conditions will be like? How can they know which resources to use now if they do not know which will be in greatest demand in the future and which will therefore "bring more" if held off the market? How can they know that certain actions should be prevented if they do not know those actions will injure them, now or later? Obviously they cannot.

Futurists should cease calling for sacrifice in the present on behalf of the future, for more coercion in the present, and for government intervention in the interests of the future. Rather than seeking a world in which coercion is used to achieve the particular future they desire, futurists should seek a world of freedom, because in such a world it will be in people's self-interest to take their advice. ◻

Joseph Martino, a member of the Technology Forecasting Group at the University of Dayton Research Institute, has degrees in physics, electrical engineering, and mathematics. He is an associate editor of Technological Forecasting and Social Change.

Moscow Costs

(Continued from p. 29)

spends 18.6 hours on the job for his groceries; Ivan, 53.5 hours.

Besides tallying a weekly food basket, Radio Liberty charted prices for 177 separate consumer goods and services, all the way up to such major items as cars and television sets. Of 99 foods compared, only three—rye bread, codfish, and beets—were cheaper in Moscow in real terms; that is, in work-time units, the most accurate measure of living standards. Of 20 cosmetics, pharmaceuticals, and the like, Moscow produced one "find": cotton balls.

The Soviet capital is a sweet eater's nightmare. A chocolate bar "costs" 92 minutes there to 6 minutes here; a liter of ice cream, 118 to 12; and a liter of soft drink, 57 to 5. (Cuban sugar doesn't come cheap.) Coffee addicts, too, are in trouble in Moscow. The stuff is liquid gold: $27.82 a kilogram—two and a half days' work.

If coffee is liquid gold, alcoholic beverages are liquid silver. Anything stronger than beer—even wine—is priced prohibitively in a so far vain effort to dry out the populace. A fifth of vodka—the fluid a Russian bleeds if you prick him—goes for $10.22: almost a day on the job. (Beer, by contrast, costs "only" 50 percent more than in the United States.)

There simply aren't many good buys in Moscow. Bus and subway fares are inexpensive. So are hotel rooms (if you can get permission to rent one, which you can't), gas and electricity (but for how much longer in view of the USSR's peaking energy output?), phone calls, telegrams, haircuts, manicures, and above all, apartments. (They're free but also scarce and rationed. About 30 percent of Muscovites live in dormitories, communal shelters, etc.) As against the above, it would take another 10 or 20 column-inches to list all the things in the Radio Liberty survey that are anything but bargains. To cite two examples: A small car, the equivalent of a Ford Escort, sells for $12,656—nearly four and a half years' wages. A color TV is $945 or four months of work (two weeks for an American).

Still, Moscow residents are better off than their rural relations. By Soviet standards, the stores of the capital are amply stocked, even though the Radio Liberty shoppers could not find basic commodities like pork chops, tomatoes, and kleenexes (and sirloin steak).

Prices in the government stores are tightly controlled and lower than on the black market (obviously) or what the operators of kolkhozes (private farm plots) charge. But the "low" prices are sustained by government subsidies, and when an item becomes too expensive for the state to produce, it disappears. Thus, gaps on the shelves or bare shelves. It is the Soviet way of coping with an inflation that officially does not exist.

When Muscovites get to feeling glum about the quality of life, at least in its material aspects, they might console themselves by reflecting on the people of Krasnodar. No tiny village, it is a city of half a million inhabitants. A correspondent for *Literaturnaya Gazeta*, sent there to scout the local stores for evidences of soap, socks, underwear, toothbrushes, and other articles, was forced to write back that no such exotica were to be discovered in all of Krasnodar.

Even *Pravda* recently reported a national shortage of eyeglasses—which might or might not explain something about the bad and worsening condition of the Soviet economy and consumer. After all, nobody ever accused the Soviet central planners of far-sightedness. ◻

Robert de Camara works in public relations for a large corporation.

VIEWPOINT

Socialism's Grease

BY TOM BETHELL

Why is it that "corruption" is so often associated with capitalism and so rarely with socialism? It ought to be the other way around, as I hope the following true story will show.

About 18 months ago I set forth in search of an apartment in the District of Columbia. I should add that Washington has had rent control laws for the last seven years. I knew, then, that finding a good place would take time, in addition to money. Someone told me about a conveniently located apartment building nearby, so I inquired at the front desk. I was directed to the manager, who looked me over and told me that there were no vacancies but that there might be one soon. Would I care to fill out their application form?

One-bedroom apartments in this building rented for about $300. I reckoned this was about half the going rate for similar uncontrolled apartments elsewhere. Building owners with less than four units are permitted to charge as much as tenants are willing to pay, and it is of course, just this voluntary exchange that is illegal with rent control laws. Moreover, it is this denial of voluntary exchange in conjunction with the denial of ownership rights (usually called "property rights") that is always and everywhere the central feature of socialist economies.

The manager's form inquisitively requested such data as my annual income and much more besides. Erring somewhat on the side of prosperity, I completed the thing. The manager looked it over. Then he looked up at me and said in a quiet voice:

"How much more than $300 would you be willing to pay, Mr. Bethell?"

I hummed and hawed, looking up and down and in every direction except directly at him. "Oh," I said after a bit, "I guess about $150," splitting the difference between the command price and the market price. For a few seconds I couldn't really think clearly about anything because it seemed such an odd question.

"Okay," he said noncommittally, slotting my form into a card index of applicants. By now he seemed rather less interested in the plight of the homeless generally and my case in particular. "Look," he said, "I'm not sure we'll have any vacancies any time soon, but if we do I'll be sure to contact you."

Would you believe that I didn't hear from him again?

I wasn't really sure that this question was an opening—an invitation to bribery—and I'm still not sure, to tell you the truth. But obviously it may very well

have been. (Was he just trying to find out what the market value was, perhaps?) It is at any rate certain that when prices are commanded by law not to rise above half market value, you get a big imbalance between supply and demand. (Incidentally, no privately financed apartment buildings are under construction in D.C., and I think none has gone up since rent control was enacted.)

How, then, is superabundant demand to be matched with diminutive supply? The most common socialist solution is queuing: first come, first served. A traveller floating around the world in a balloon could observe the socialist countries by observing the queues.

But why, from the manager's point of view, always take the first in line? If they wait for weeks or months, as they do, why not pick and choose? Why not take... the best. And who might that be? Suppose the mayor called up the manager and said he had a friend who really needed an apartment badly. Suppose another applicant, perhaps more alert than I, had quietly reached into his pocket when the manager popped the question.

In fact, of course, in all socialist countries this is exactly how many scarce goods are allocated: with the help of bribery and influence—that is, by corruption. Business almost has to be done this way, if you think about it. Food and firewood may be queued for, and a number of other consumer items. But bribery saves everyone a lot of time, and it does restore, albeit in corrupt form, the incentives that have been knocked out of the system by making voluntary exchange (market prices) illegal.

By contrast, the market system does not need bribery to make it work because the market price always (by definition) equalizes supply and demand. In so doing, market prices also perform the signal function of equalizing all market participants for a given commodity. The "ticky tacky" leisure-suited nouveau-riche and the trendy preppy of inherited wealth are equally desirable and equally indispensable buyers to the seller whose prices are set at the margin. I suspect it is precisely this socially egalitarian feature of capitalism that a lot of old-money, new-class, neo-liberal types don't like.

Of course, it is true that under capitalism we all do not have the same amount of money in our pockets. Thus, free prices "discriminate" in favor of those who have more of it—a semantically disguised redefinition of money. But in socialist countries people don't have the same amount of money either. And the inequalities of a system in which some give and some receive commands are far greater than the inequalities that arise in a system in which all are permitted to agree.

The point is, however, that when goods are allocated by price, that allocation is inherently impartial; there is just enough for all, and the seller can't afford to turn away customers. Therefore the system works without corruption. Socialism, on the other hand, would creak along even less efficiently than it already does if favoritism, influence, pressure, and bribery were somehow eliminated from its operations.

Tom Bethell is a free-lance writer, a contributing editor of the Washington Monthly, *and a columnist for* National Review.

Illustration by Susan Sallade

Saving Yourself

BY TIMOTHY CONDON

In the wake of President Reagan's monstrous tax increase, we'd all better start thinking hard about the future and how to save ourselves from the economic disaster that both Republicans and Democrats seem equally eager to inflict upon us all. Which brings us to a subject I've never discussed in this column before: Individual Retirement Accounts.

Now we all know that the Social Security system is bankrupt. And we further know that right now it takes two or three working Americans to support each individual currently on Social Security. And we even further know that as the baby boom generation matures, that ratio could deteriorate to *one* worker supporting *one* Social Security recipient. Which means Social Security or freedom in America or both just might die.

The alternative is each of us looking out right now for what's going to happen in our old age. And the IRA, as it's called in the trade, is the vehicle to do that.

Now in the past, most savvy financial advisors steered their people away from IRAs. There were *much* larger returns to be had in "hard money" investments. In addition, IRAs have in the past been ringed about with a wealth of destructive rules and regulations that made them not worth the effort—you couldn't have one if you were already covered under any other pension program; a "nonworking" individual (read: "housewife") wasn't eligible for an IRA; the maximum you could deposit in any one year was $1,500.

When IRAs were introduced in the early '70s, they were a sop tossed to the banks, whose reserves were being decimated by government policies that militated against saving (and still do, for that matter), thus destroying capital pools from which the whole standard of living comes. So big deal: you could stick a deductible $1,500 in a bank account each year and earn 7 percent (if the bank was a high-flyer), while inflation raged along at double-digit rates. On top of which you can't take your money out of such an account before you're at least 59½ without paying normal (high) income tax rates on it, *plus* a whopping 10 percent penalty tax. Thanks, guys, but no thanks. That's why IRAs were dogs for most of the '70s.

Now, however, things have changed a bit. First of all, it's become generally known that you don't have to stick the money into a bank and make that whopping 7 percent interest. You can put it into money market instruments, money market funds, stocks, bonds, etc. And get this: you can *self-direct* such an account; that is, *you* say precisely what investments your retirement stash is put into.

Before the Economic Recovery Tax Act of 1981, many smart people were going wild pulling it in by getting into "hard" investments: gold, silver, commodities, art, antiques, precious gems, strategic metals...you name it. So naturally, such investments for IRAs were outlawed as of 1982. But you can invest in a wealth of other areas, *not* just bank accounts and annuities and such, and *you can direct those investments yourself.* Very important.

In addition, as of 1982, courtesy of the big tax revision in 1981, *everyone*—whether covered by an existing pension program or not—can have an IRA. Also, the yearly limit, which only has to be put in the account by April 15 of the *following* year, has been raised to a slightly more respectable $2,000 ($4,000 if both spouses work and have their own IRAs). And so-called nonworking spouses can have IRAs (that provision has been in some time now, but the limit for those types of IRAs has also been raised).

It all boils down to this: you can save money now and pay lower income tax rates on it when you're an old geezer and have less income, or you can split it with the government today and enjoy what's left over. Not much choice there, really.

Now, I can't tell you all about IRAs in this column. Contact a stock brokerage house; they all have their own IRA setups. And buy a tax book or visit the library and read up on them. Here, in the meantime, are some tips for the smart people:

- Be *sure* your IRA plan is "self-directed." Everyone seems to be saying today that the stock market is tremendously undervalued. They're right. If supply-side economics manages to triumph after all, we could see another '60s-style boom; watch for many stocks to skyrocket.
- If you're a hard-money person (who *isn't* these days?), you can partially circumvent the anti-hard-money rules by investing in hard-investment stocks, like gold and silver mining stocks.
- If you have a nonworking spouse, the limit for *both* IRAs (yours and your "spousal" IRA) is $2,250. If you each work and have your own IRA, the yearly limit is $4,000. Everybody get a job. Like, perhaps, you pay your wife, formally and following all the employer/employee or independent-contractor rules, for work she does for you during the year. If she makes $2,000 as an employee, she can put $2,000 for that year into her own IRA (this may or may not ultimately work; it's the kind of thing the IRS will jump on as soon as it becomes widespread; but on the other hand, I haven't seen any cases saying it *can't* be done and see no reason why it shouldn't).
- For those of you with kids just out on their own, starting to make money but getting killed by income taxes, give them a gift each year of $2,000 (tax-free to both sides) for their IRAs. Better yet, shift income *away* from yourself (thus saving money on taxes yourself) by giving them an interest-free loan that will generate $2,000 per year in interest for them. You've gotten rid of an extra $2,000 in interest each year that you would have had to pay taxes on (usually at around 40 percent or 50 percent), and they pay no taxes on the interest *they* earned because that $2,000 goes right into their IRA and is thus deducted from income on their tax returns.

Finally, remember that you can put money into your IRA all the way up to April 15 the *following* year. Thus, when tax time rolls around (extensions count, too), you can figure right there in cold, hard cash how much such an investment will save you. Can't beat *that.*

Now go do it. Save yourself from Social Security that isn't.

Tim Condon is an attorney and a tax specialist practicing in Florida.

Do you have a tax question? Mr. Condon may have the answer. Send your query along to REASON Taxes, Box 40105, Santa Barbara, CA 93103. (A limited number of reader questions can be answered in print; personal replies cannot be made.)

Land Sales Man

BY PATRICK COX

Until last June, Steve H. Hanke was a senior economist on President Reagan's Council of Economic Advisers. He emerged, during his stint with the government, as a persuasive spokesman for the privatization of federal lands. Much of the national debate about the issue is due to his influence in the White House. He describes his departure from the halls of power as "a mutual parting of ways."

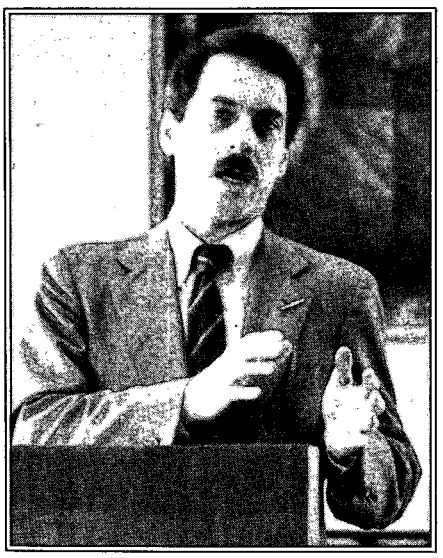
Hanke came to government from Johns Hopkins University, where he had been teaching economics since 1969. He brought with him an international perspective gained from research, while on leave from Johns Hopkins, in France, Austria, and Sweden. Perhaps his time spent in Europe explains his evident appreciation of "Continental" traditions.

Yet Hanke says, although in moderate and reasonable tones, some of the most radical things ever spoken by 20th-century employees of the US government. For instance: "I'm very much opposed to virtually all the public-sector activities except for some police functions and national defense, and even those could be contracted out."

His candid characterizations of the Reagan administration were a source of embarrassment to the political sensibilities of those in power. Through his experience, he concluded that it "is just a typical traditional Republican administration—perhaps even more Republican than most Republican administrations because they've got control of campaign funds with the national Republican Party. It's basically the Nixon-Ford administration without either Nixon or Ford. If you have strong preferences like I do, there's really nothing for you to do."

Nevertheless, Hanke did help make privatization of federal lands an issue so hot that it made the cover of *Time*. About that, Hanke says: "It had nothing to do with private property as an institution, and I viewed private property as the basic policy issue. Minor reforms, trying to make the system work better, are just futile. Once I got in, I realized that the only way to solve a problem was to peel it out of the public sector somehow." Hanke says he got support from "some political people" for budgetary reasons—"though they continually instructed me not to use the words *property rights* because that was ideological and to 'stick with the numbers.' All the good arguments, they did not use."

Hanke has been involved in the push for privatization of services as well as government land. In Europe, he spent a good deal of time studying the provision



STEVE HANKE

of what we regard as public services. In France, for instance, water systems are run by private enterprise. And land in Europe is almost entirely in private hands. "Europeans are stunned," he says, "when they learn how much land the US government owns.... They ask, 'Who's more socialistic? We have nationalized industry, but you have nationalized land.' " Hanke also points out superior conservation in Europe.

Hanke stresses privatization as a good issue for several reasons. The first is his belief that government can be relied on to muck things up. That's why he would have government whittled back just to protection of individual rights—via police, courts, and national defense. "I think a strong defense is extremely important," he explains. "Governments *are* liable to foul things up, meddling in things they have no right to meddle in, but that is a separable problem."

The other major reason is that he sees privatization as a core issue when it comes to liberty. "Many of the opponents," he notes, "are outright socialists, and they will have to show their true colors. It's such a clean, pure, perfect issue. Either you do want property rights or you want public, collectivized arrangements. There's no middle of the road."

"The test is now," Hanke says. "It will be won or lost depending on whether or not people come forward to make the case." He adds, with a seriousness that masks his passion: "You have to literally get out in the field and make people aware of these arguments so they can put pressure on the people in office."

Hanke points to the REASON article "Saving the Wilderness: A Radical Proposal" (July 1981) as an example of the liberation of the privatization issue from the status of an internal memo passed around among academics. Although Hanke has returned to his post at Johns Hopkins University, he warns, "I don't plan to just retreat back to the university. For one thing, I'll continue to write for REASON." He is also an adjunct scholar at the Heritage Foundation (he's currently working on a chapter for a Heritage Foundation book on the New Federalism, giving lessons from Europe) and the Cato Institute and has joined the Reason Foundation Advisory Board. "In older countries," he says, "intellectual life does not revolve around universities and never has. Most of the intellectuals are not university people."

Talking to Hanke, one realizes that his Continental point of view fits well with the revolutionary words he speaks. One such group of American people are now called the Founding Fathers. Hanke, in fact, traces the American tradition of privatization back to that group. "Hamilton wanted to sell government lands to pay off the Revolutionary War debt, and Jefferson wanted to give them away."

Hanke is of the same mold, a revolutionary gentleman. He is polite but blunt, and his grasp of the importance of individual rights, including property rights, is impressive. It's no wonder he didn't get along with the Reagan administration, and it is clear while talking to him that Patrick Henry and Sam Adams would have had the same problem.

Patrick Cox is a free-lance writer.

Photograph by Joyce True

Enhancing Intelligence

BY DURK PEARSON AND SANDY SHAW

In recent columns, we have been discussing nutrients and prescription drugs that, within a certain dose range, increase animal and human intelligence. In September and October, we described the learning- and memory-improving abilities of the nutrients choline, lecithin, phenylalanine, and the prescription drug Deaner® (Riker). Here we discuss the cognitive benefits, revealed in animal experiments and human clinical trials, of the nutrient RNA and the prescription drug *Diapid*® (Sandoz), a synthetic version of the natural pituitary-gland hormone vasopressin.

Ribonucleic acid, more commonly known as RNA, is a natural substance important for learning and memory. This large molecule and its precursors (substances chemically converted to RNA in the brain), such as orotic and inosinic acids, can improve these two functions in animals. Current scientific evidence suggests that learning and the production of new memories involves the creation of RNA, which then directs the synthesis of protein molecules, on which the actual information is coded. This is supported by the fact that when ribonuclease, an enzyme which destroys RNA, is injected into the brain of experimental animals, they are unable to learn. Protein synthesis blockers also prevent memory consolidation.

RNA also protects the brain against a common type of damage caused by exposure to oxidizing substances, such as autoxidized (rancid) fat. This autoxidation occurs when unsaturated fats come in contact with oxygen and free radicals in the body. The oxygen chemically combines with the fat, changing it to a rancid fat in a free-radical chain reaction, with a release of free radicals that can be very damaging to the cell structure.

One visible sign of such damage is the development of age spots in the skin. This same brownish pigment (called lipofuscin) also accumulates in many of the brain's nerve cells, where it is believed to interfere with cellular metabolism, destroying neurites (fibers that connect nerve cells, allowing them to communicate with each other) in the process.

RNA is a member of an important class of protective substances called antioxidants (vitamins A, C, E, B-1, B-5, B-6, and the minerals zinc and selenium are antioxidants), which at proper dosages can help prevent the build-up of oxidation damage and, by so doing, slow down the aging process. In one experiment, RNA extended the average lifespan of white mice by 16 percent.

Some individuals should be careful in their use of supplemental RNA, particularly those who have gout or a tendency thereto. Gout is often portrayed in movies as a humorous condition—the cantankerous old gentleman sitting down with his leg elevated and foot bandaged, trying hard to prevent anyone or anything from bumping into the foot. However, gout is not funny. It occurs when uric acid, produced in the body as nucleic acids are oxidized, is not excreted sufficiently rapidly to prevent the formation of crystals in joints and kidneys, causing extreme pain and tissue damage. Since RNA is a nucleic acid, its use by gout-prone individuals (of which 95 percent are men) may produce the classic symptoms. It should be emphasized that by far the vast majority of individuals can handle RNA without any trouble, since few people have the genes that make them subject to gout. But if you wish to use RNA, it would be wise to have your doctor test your serum uric acid level, even if you do not have a family history of gout.

Vitamin B-12 increases RNA synthesis in brain cells (neurons), resulting in faster learning in one rat study. The use of B-12 does not seem to pose a problem for gout patients.

When you go to your health food store to buy RNA, check the label. Unprocessed yeast (which contains 6 to 12 percent RNA) is not the best source of RNA because the yeast cell walls are difficult to digest—you have to break these walls down to get at the RNA inside. Look for RNA that has been extracted from yeast. Much of what is labelled "RNA" or "RNA plus DNA" in health food stores is really just grossly overpriced yeast.

Vasopressin (also known as antidiuretic hormone) is released by the posterior lobe of the pituitary gland in your brain. It has recently been discovered that vasopressin has powerful positive effects on human memory and learning. It also regulates urine volume in the body. Some people whose pituitary glands do not release enough vasopressin urinate frequently and in much larger volumes than other people. This condition is called diabetes insipidus (it has nothing to do with sugar-insulin diabetes) and can be successfully treated with a vasopressin nasal spray (Diapid®, a prescription drug made by Sandoz).

Oiveros and associates found that giving vasopressin to human amnesia victims restored their memories. Legros and coworkers found that a dose of 16 IU per day of the vasopressin nasal spray Diapid® improved learning in tasks requiring attention, concentration, fast reactions, and memory in a group of men in their 50s and 60s. No side effects were found in the men at the dosage of 16 IU per day. At this dosage, there was no elevation of blood pressure or alteration of blood electrolytes. Sometimes angina pains are increased temporarily in angina patients. It is advisable for these patients to avoid use of Diapid®; consult your physician.

The clinical studies on vasopressin's effects on memory and learning that we have reviewed have involved the pure hormone administered by nasal spray or injection.

Some popular drugs affect brain vasopressin levels. Cocaine, for example, stimulates the pituitary gland to release it, eventually depleting the supply. This may explain the altered levels of consciousness reported by some individuals using cocaine. (The danger here is that after the unusual stimulation provided by the drug to release vasopressin, a deficit of vasopressin may exist later when you need it.)

An effect of vasopressin that we did not see mentioned in the scientific literature is an intensification and prolongation of orgasm. Since discovering this by our own observations, we have found scientific literature references to vasopressin release during orgasm in laboratory mammals. The release of vasopressin by cocaine is probably responsible for at least part of cocaine's reputation as an enhancer of sex.

On the other hand, alcohol inhibits the brain's release of vasopressin, thus resulting in impairment of memory, con-

(Continued on p. 56)

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arts & letters

MOVIES

Reviewed by John Hospers

The Challenge

Not since John Wayne's *The Barbarian and the Geisha* has Hollywood indulged in any such celebration of Japanese culture as we get in *The Challenge.* That so many people should die in order to restore a centuries-old sword to its proper familial home will seem absurd to most viewers, but the Oriental passions exhibited in the film may do something to make it understandable, even if not believable. The theme of the sword, however, is only a string on which to hang a rather more interesting series of beads.

One bead has to do with the character development of the main figure (Scott Glenn) from a second-rate American boxer to a highly disciplined master of Japanese martial arts (with spiritual as well as physical training and discipline). There is a certain psychological interest in this development, along with numerous comic touches involving the juxtaposition of a midwestern twang with the responses of the uncomprehending Japanese. (He sings "Deep in the Heart of Texas" as he is being disciplined by being buried up to his neck without food or water for five days.) Another is the growing respect for traditional elements of Japanese culture, usually through a series of self-discoveries on the part of the American hero. Still another is the conflict between two Japanese brothers, rivals in the same house. The viewer comes gradually to understand the sources of their antipathy toward one another; in this aspect the film is half psychology and half morality play. In the final scenes, the traditional conflict is enacted in a modern office complete with computers, and lest the viewer conclude that the traditional Japanese values are always best, the plot is manipulated in such a way that the victory of the good does not come about without the assistance of the American—not with swords or martial arts but with good old guns and bullets.

The film would be a flimsy one but for the touches conferred on it by director John Frankenheimer, who at his best (for example, *Seconds*) can direct films of great power but who in this one must be satisfied to turn a meandering and somewhat disconnected story into an unprofound psychological study of opposed temperaments and diverse cultures.

Blade Runner

In philosophy courses there are still arguments about how we know whether, behind a person's behavior, there are real thoughts and feelings like our own; how do we know the person isn't a cleverly designed automaton going through all the motions of human behavior without actually experiencing anything? To be sure, if we find plastic tubes and wires permeating what we thought was a human body with blood and bones, that might provide some evidence, but what if the interior also looks like that of an ordinary human being?

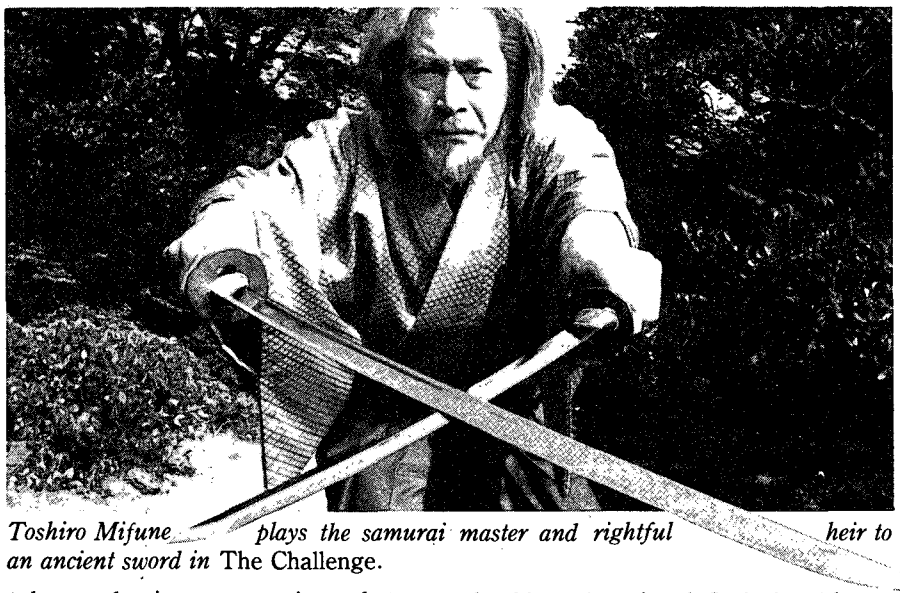
In *Blade Runner*, the phony human beings are called "replicants," and the police in this futuristic fantasy are after them—it's not clear why, since they do the same work as real human beings and are to all intents and purposes the same. You could marry one and live with it for life without knowing the difference.

All except for one detail: replicants are constructed and thus don't have genetic histories. Discovery of family photo albums (if they're proved genuine) is used in the film to provide evidence that it's a real human being. But this raises another question: How could something behave and act like a human being and have no genetic history? For that matter, can we conceive of a God who has feelings, moods, and temperament without ever having had a childhood in which these features are rooted?

The film sidesteps all these philosophic issues. It goes on its own lethargic way with very little excuse for a plot. Boring, confusing, and totally humorless, and burdened with an atrocious script, this film is a waste of time.

The Chosen

It must have taken some courage to produce *The Chosen*, in the knowledge that it would have a limited audience. The film is nevertheless a very fine one that should not be missed. It deals with two rival Jewish groups, the Hassidic sect (represented by the patriarch, Rod Steiger, and his son, Robby Benson) and the "liberal" Jewish cause (represented by Maximilian Schell as a columnist) and their split over the formation of the Jewish state in 1948. The characters are powerfully drawn, and the conflict within the Jewish community, and how it affects their children, is wrenching to watch. For the first time in film we get an in-depth insight into the beliefs and mores of the Hassidic sect, with many rich textural details, some of which do not materially further the story but all of which are fascinating to see. The drama is a powerful one, and watching it unfold is an enriching experience.



Toshiro Mifune plays the samurai master and rightful heir to an ancient sword in The Challenge.

John Hospers teaches philosophy at the University of Southern California. His recent books are Understanding the Arts *and* Human Conduct *(2nd ed.).*

BOOKS

Heinlein Adventure

Friday.
By Robert Heinlein.
New York: Holt, Rinehart and Winston.
1982. 368 pp. $14.95.

Reviewed by Jerry Pournelle

The Old Master has done it again. Adventure, sense of wonder—whatever it is you're looking for in science fiction, you'll find it in this book. Sure there are flaws, but if you're like me, you won't see them until the second—or third!—reading. Let me put it this way: forget what you thought of *Number of the Beast*, or any of Heinlein's later works. If you liked *The Moon Is a Harsh Mistress*, you'll go ape over *Friday*.

They sent me the galleys of *Friday*. They sat on my desk all day while I got my work done. Finally, about midnight, I made a fatal mistake. I opened the book.

I was hooked at the first paragraph. Sometime about 8:00 the next morning I fell asleep, and I didn't get a lot done the next day, either. I forget what I wrote for the blurb the publishers asked for; everyone, from Harlan Ellison to Larry Niven, wrote enthusiastic puffs of that book.

Enough. I could rave all afternoon. The point is, *Friday* is the old stuff, the mixture as before, essence of gripping adventure by a master of the craft, complete with competent characters, exquisite attention to details, and an outrageous but believable future society. (Isn't the society we live in outrageous? Yet we have no choice but to believe in it. Well, Heinlein does that too: he depicts a society that you'd never have imagined but you simply can't question.)

If all that isn't enough, then consider this: *Friday* is a sequel to *Gulf*. It even has Kettlebelly Baldwin in it. And believe it or not, Dr. Hartley M. (Kettlebelly) Baldwin, one-time executive secretary to a society of superpeople (in *Gulf* he called it a society of supermen, but even Heinlein didn't anticipate how quickly things would change) makes a major mistake. In fact, that's one of the two parts of the book I had trouble with; I'd always thought Kettlebelly infallible. Baldwin's is a common mistake, for few are able to reach as far beyond the grave as they like; still, I'd have thought Kettlebelly would know better. He was such a thoroughly competent executive secretary.

Alas, there's no real explanation of what happened to the supermen of *Gulf*. They've merely vanished. There's a hint: Marjorie Friday Baldwin, the book's hero (sex, female; but heroine has been spoiled as a legitimate word, I fear), is a genetic descendant of Joe and Gail Green from *Gulf* and thus one of Baldwin's heirs, and what Kettlebelly has chosen to leave her is a ticket to any place away from Earth. Baldwin has concluded that Earth is doomed to a new Dark Age, and he figures he owes Friday the means for avoiding that.

There are many places to go. Not only are there colonies on the moon, but interstellar travel is now possible (although expensive). There are lots of colonies out there: Botany Bay types for convicts; places that pay you a bonus to sign up; and places that charge you a hefty price for admission. Baldwin's will pays all, for any place Friday wants to go.

There's only one exception: if she chooses to go to Olympia, the Baldwin estate won't pay. According to Mrs. Tomosawa (and it's Mrs.; on Luna they're old-fashioned, they marry and have children in that order, unlike the rest of the Terra-Luna system), Olympia is the place "where those self-styled supermen went. No real point in warning you against it, however; the corporation doesn't run ships there."

There's no clue (at least none I could find) about whether or not the self-styled supermen on Olympia were the same ones that Kettlebelly Baldwin took care of. If you suppose they were, then fascinating questions arise. Certainly Baldwin was trying to encourage Friday to leave not only Terra but the whole solar system. But was he trying to steer her away from Olympia—or toward it? After all, Friday is a strong-willed young lady and quite capable of defying her foster father's will and wishes, although she wouldn't do so lightly.

Or was he trying to protect her? One of the marks of the "supermen" in *Gulf* was that they spoke a new language, one modeled on Loglans. Because of *Gulf*, I have all the books on Loglans and have contributed to its study; alas, the language hasn't progressed as Heinlein predicted in *Gulf*, but that's as of 1982. *Gulf* took place in a time when there were Lunar colonies, obviously some years from now, and by then Loglans research might have made more progress. But in *Friday*, the logical language of the supermen has been forgotten; even Baldwin doesn't mention it. Could this be because our hero Friday isn't *really* part of the *homo superior* race despite being descended from Joe and Gail Green? There is, after all, the genetic phenomenon of regression; and Friday, although very high normal, is still *homo sapiens*; nor has she been given the extensive training through which Gail supervised Joe Green.

Unfortunately, you won't find out in this book. Heinlein never does reveal precisely what Kettlebelly Baldwin is after. The protagonist doesn't really care; she has a loyalty fixation, and whatever Baldwin wants, Friday will do. Even after it's proven that Baldwin is not infallible—despite the fact that he knows he hasn't long to live, his successors are bureaucratic losers—Friday continues to do what she thinks Kettlebelly would have wanted. But so would most of us.

I still wonder, though. As a youth I identified with the characters in *Gulf*. Identified with them, yearned to know them; for I was a pink monkey among browns, and the browns instinctively hated me. *Gulf* said that somewhere there were other pink monkeys.

Boyhood dreams die hard. And I do wonder: perhaps Olympia isn't on any normal spaceship schedule because the "supermen" prefer it that way. I'd like to think so, but Heinlein gives us no clues.

There are flaws in Friday. Some may not be flaws: that is, Heinlein paints a picture of a fairly ugly future, one bad enough that the most Baldwin can wish his adopted daughter is that she leave the solar system forever. The social order Heinlein shows us is believable. The United States and the rest of the world have been balkanized. There's a Califor-

nia Confederacy, led by a more or less democratically elected Big Chief who seems a cross between Pat Brown, Jerry Brown, Ronald Reagan, Timothy Leary, and Chevy Chase (the scenes with Chief Warwhoop of California are themselves worth more than the price of the book). There's the Imperium, centered on Chicago. And the Lone Star Republic, which includes Vicksburg.

Now I grew up in Memphis; and Vicksburg's low town was notorious in my day. In *Friday*, "Vicksburg low town is a lusty, evil place, as swarmingly alive as a dunghill. In daylight city police travel in pairs; at night they leave the place alone. It is a city of drifters, whores, smugglers, pushers, drug wholesalers, spivs, pimps, hire hatchets, military mercenaries, recruiters, fences, fagins, beggars, clandestine surgeons, blackbirders, glimjacks, outstanders, short con, long con, sting riggers, girlboys, you name it, they sell it in Vicksburg low town. It's a wonderful place and be sure to get a blood test afterward." Apparently nothing changes...

There are also the corporate nations, multinationals that have no home base—and that, in the time of *Friday*, are at least as sovereign as, say, Sri Lanka or Prince Edward Island or the Seychelles.

The global picture is painted with all the detail we expect of Heinlein. Example: when Friday travels to New Zealand, she says, "Christchurch is the loveliest city on the globe.

"Make that 'anywhere,' as there is not yet a lovely city off Earth. Luna City is underground, Ell-Five looks like a junkyard from outside and has only one arc that looks good from inside. Martian cities are mere hives and most Earthside cities suffer from a misguided attempt to look like Los Angeles."

Yet within Christchurch, Friday's home and sanctuary, there lurk serpents; and throughout the society in which she lives there are—anomalies.

There is no hint that monogamy might be thought a virtue, and certainly Friday treats it as a vice. Whether this is a flaw in the book, or in the social order described by the book, I soon grew weary of the mindless affairs and one-night stands. Whenever Friday spends more than a few minutes in company with *anyone*, male, female, or uncertain, you can be certain that recreational sex will take place—and that it will leave no scars. Both herpes simplex and deep emotional attachments have been "cured" by the time of this book.

One need not approve of Heinlein's societies to appreciate them, and I guarantee that the world of Friday is as real as the world of *Moon Is a Harsh Mistress* and studded with even more fascinating detail. Who knows: perhaps that's where we're headed, to a world of friendly sex, where marriage is more of a business arrangement than a religious or emotional contract. Perhaps, even, that's where we *should* be going.

Even so, I did grow weary of the casual sex. There are perhaps half a dozen dull paragraphs in this magnificent book, and all of them have to do with these rather sleazy affairs.

The other flaw is more serious. Miss Marjorie Friday Baldwin is the end product of an important genetic experiment; she is also the only descendant of Joe and Gail Green, who may or may not have been *homo superior* but were certainly at the high end of the human potential curve. Yet, as the book ends, Friday is sterile. This is not irreversible, but she has taken no steps to reverse it, and time is running out. She has been happy enough as surrogate mother and does not intend to change matters.

This seems a cruel trick to play on Dr. Baldwin and the Greens, who certainly thought heredity was important. And I, for one, prefer to imagine a different ending.

My sane friend was puzzled. "How could the author of *Number of the Beast* write something as good as *Friday*?"

"Strange question," I said. "Why do you ask?"

"Did you *like Number of the Beast*?"

"Not the first time," I said. "You have to read it twice. The book leads you to think it's one thing when in fact it's quite another. Besides, the best part of *Number of the Beast* is the big party at the end—at least it is for those of us who were invited. Alas, you weren't, so I can see your distress. But all that's unimportant."

"Why?"

"Because *Number of the Beast* and *Friday* are totally different books. They have different purposes, and go in opposite directions. It's possible to like both, but it's almost impossible not to like *Friday*, whatever your opinion of the other book."

So said I then, and so say I now. If you ever liked Heinlein's science fiction, you'll like *Friday*.

Jerry Pournelle writes science fiction, having recently coauthored the bestseller Oath of Fealty.

Irresponsible Warnings

The Fate of the Earth.
By Jonathan Schell.
New York: Knopf. 1982.
244 pp. $11.95.

Reviewed by Samuel Cohen

In *The Fate of the Earth*, Jonathan Schell does essentially three things. First, he analyzes the effects of nuclear war on the earth, concluding that the human species is in dire danger of extinction. Next, he embarks on a philosophical discourse on the meaning of human extinction, which he regards as morally unacceptable. Finally, he demands that mankind choose between extinction and survival by eliminating nuclear weapons from the earth and constructing a world without war. Since his philosophy and his recommended solution stem from his fundamental conclusion that nuclear weapons and the possibility of nuclear war are placing mankind in mortal jeopardy, and since my professional expertise lies in the area of nuclear weapons and nuclear war, I shall restrict my review to his nuclear war analysis—an analysis that is grossly in error.

Schell simply hasn't addressed himself to the real world of nuclear weapons and how nuclear war might be fought. He shows a profound ignorance of actual nuclear stockpiles and of strategies developed by the United States and the Soviet Union that are not leading toward the global holocaust he predicts. This is not to say that the two nuclear superpowers may not blunder into a nuclear war, which would be insane. Rather, it is to say that neither side has been insane enough to develop nuclear arsenals and strategies that seriously threaten to exterminate mankind. In fact, at least on the Soviet side, there are no indications that Soviet nuclear doctrine envisages the extermination of the American population, which Schell assumes the Soviets will do, dwelling upon this horror at great length.

"It is fundamental to the nuclear strategy of both the Soviet Union and the United States that each preserve the capacity to devastate the population of the other," he states. Responsible strategic analysts, in making such a far-reaching premise, would refer to appropriate source material, including Soviet military doctrinal literature, which currently exists in abundance. Schell has not done this, nor is it apparent that he has

even taken the trouble to find out what the Soviet declaratory strategy may be. Had he done so, he would have seen statements such as the following from *Military Thought*, the official journal of the Soviet General Staff: "The objective is not to turn the large economic and industrial regions into a heap of ruins... but to deliver strikes which will destroy strategic combat means, paralyze enemy military production, making it incapable of satisfying the priority needs of the front and rear areas and sharply reduce the enemy capability to conduct strikes."

But Schell seems oblivious to such statements and, in drawing up the basic assumptions for his analysis, states that among other targets, the Soviets will attack "the population centers of the United States." With this assumption "established," he goes through the horrors of wiping out American cities. And it shortly becomes evident that he is taking great pains not to spare these cities; for time and time again Schell describes the horrendous effects of 20-megaton bombs, in a degree of technical detail that would leave any respectable weapons effects scientist incredulous.

"...knowing that the thermal pulse of a 20-megaton bomb can give people at least second-degree burns in an area of *two thousand four hundred and sixty square miles*...." (emphasis added), Schell goes on to tell us the results of 100 of these monstrous weapons. My professional colleagues prefer to use numbers instead of words when describing weapon effects, so allow me to convert Schell's words into numbers: 2,460 square miles. To predict thermal radiation effects to this degree of accuracy, three significant figures, is absurd. We cannot predict these effects to even one significant figure.

Schell finally leaves his abstract world of weapon effects and bursts a 20-megaton bomb over a real-life city, New York, explaining that this weapon "is more likely to be used against New York" than a mere one-megaton bomb. He informs us, again with great accuracy, that 20-megaton bombs actually exist in the Soviet arsenal: "The Soviet Union is estimated to have at least a hundred and thirteen twenty-megaton bombs in its nuclear arsenal...."

One might wish to show some patience with Schell's technical ignorance. After all, he is not a technologist. But for him personally to decide what nuclear bombs they have completely erodes my tolerance. Many years ago (in 1971) Dr. Carl Walsker, the senior advisor on nuclear weapons to the US Secretary of Defense, testified: "We have little certain knowledge of the Soviet warhead designs, of their vulnerability, or of Soviet testing or development philosophy...."

Today we know even less about the Soviet nuclear stockpile. However, what we do know, because we can reasonably monitor the yields of Soviet underground test explosions, is that for almost 20 years the Soviets have not tested at the 20-megaton level. Moreover, since 1974, when the so-called Threshold Test Ban Treaty was signed, the Soviets have pledged to keep their tests below 150 kilotons and within reason have done so. Unless they have a desire to use antiquated nuclear warheads, it is clear that the Soviets' strategic stockpile is taking on a far lower yield complexion than Schell ascribes to them. For that matter, so is the stockpile of the United States. There is no evidence that either side is retaining the monstrous bombs of the past that Schell describes to demonstrate the end of the world.

By badly distorting the issue and misinforming his readers, Schell has done a great disservice in kindling emotions on the already controversial subject of nuclear war. Man may have been mad enough to build up enormous nuclear arsenals; but he has not yet built up a serious threat to life on earth and does not seem to be heading in that direction.

Jonathan Schell is entitled to his views on the nuclear threat—and there is one. I only wish that he had displayed some objectivity and had responsibly addressed the threat before sounding his dire warnings of nuclear holocaust.

Physicist Samuel Cohen has spent his professional career on the design and analysis of nuclear weapons. His articles have appeared in Orbis, Strategic Review, *the* New York Times Magazine, *and other publications.*

The Wasteland of Public Education

Is Public Education Necessary?
By Samuel L. Blumenfeld.
Greenwich, Conn.: Devin-Adair.
1981. 263 pp. $12.95.

Reviewed by Frank E. Fortkamp

This year of '82 is one of discontent for Albert Shanker and other statists who feed at the trough of the government school system. Ronald Reagan is seriously advocating tuition tax credits for parents with children in private schools, and the measure has at least half a chance of passing. The government school monopoly rightly sees tuition tax credits (and some voucher systems and other efforts to limit the pervasive influence of the "public" schools) as a threat to their comfortable, protected status.

As this new debate heats up through 1982, and the government unionists and bureaucrats are denouncing private-school advocates, there is no book better than Sam Blumenfeld's *Is Public Education Necessary?* to afford a needed historical perspective on the issues at hand. Most US citizens unthinkingly believe that government-operated and -controlled schools—public schools—are as American as apple pie, wide streets, mom, and the US Constitution. The statists among us calculatingly exploit this belief when they threaten all manner of dire results if the present government system is weakened in any way.

As Blumenfeld makes very clear, the present government system is founded not on Jeffersonian ideals of liberty, individual freedom, and justice but rather on muddled 19th-century misconceptions of socialism. He documents this assertion with ample and fresh material mined from a mother lode of basically untouched sources on early American government education found in the libraries of Boston where Blumenfeld himself teaches in a private school.

Some reviewers have wrongly criticized Blumenfeld for giving a contemporary title to a work that is basically a history of the ideological origins of government education. Such criticism is misplaced if one subscribes to the axiom that the one thing we learn from history is that nobody learns from history.

Blumenfeld's treatise is a bold underscoring of a simple truism: in a long-range project, an apparently simple but initial error, left uncorrected, frustrates even noble objectives. A rocket launched toward the moon, but off just a few degrees at Cape Canaveral, will miss the lunar orb by many thousands of miles. So in the worlds of social change and ideological frameworks for such change: a century and a half ago when government intervention in the schooling of citizens looked like an idea whose time had come, the "small" error of rooting the program in philosophical and theological ideas tinged with European socialism (as opposed to American notions of individual liberty) has resulted

today in an American public school system that fundamentally undermines the very greatest of traditionally American ideals: individual freedom, free enterprise, excellence honed to a fine edge on the whetstone of free competition.

Without benefit of Blumenfeld's research and an understanding of his conclusions, it is impossible for the average citizen today even to begin to comprehend the depth of fallacy and deception behind the tortured rantings of the National Education Association,

Samuel Blumenfeld

Shanker, the Department of Education (which Reagan has not disbanded), and others. Yet it is still possible to correct our course. But if the correction is to put us on target, liberty and not statism will be the magnet for our ideological compass.

Blumenfeld's history book is in fact as contemporary as bloated public school budgets and frightening illiteracy rates. His title, like his book, is right on the money. Blumenfeld himself gives the best answer to the question he raises.

Is public education necessary? The answer is obvious: it was not needed then, and it is certainly not needed today. Schools are necessary, but they can be created by free enterprise today as they were before the public school movement achieved its fraudulent state monopoly in education. Subject education to the same competitive market forces that other goods and services are subject to, and we shall see far better education at much lower overall cost. Instead of a "crusade against ignorance" to reform the world, we shall have schools capable of performing the limited and practical functions that schools were originally created to perform.

The failure of public education is the failure of statism as a political philosophy. It has been tried. It has been found sorely wanting. Having learned from our mistakes, would it not be better to return to the basic principles upon which this country was founded? Education was not seen then as the cure-all for mankind's moral diseases. But it was on that premise that the reformers built the present system. They were wrong. The system cannot work because in a free society government has no more place in education than it does in religion. Once Americans grasp the full significance of this idea, they will understand why the return of educational freedom is essential to the preservation and expansion of American freedom in general.

The next time you observe some CBS hack obsequiously interviewing Albert Shanker (as Bill Kurtis did during the July 1982 NEA convention) or the next time you read Shanker's $5,000-plus per Sunday ad in the *New York Times* "Ideas" section (of all places), run out and get a copy of Sam Blumenfeld's book. It's an oasis of sanity in the statist wasteland created by the government's education system.

Frank E. Fortkamp is an educator, writer, and long-time advocate of separation of school and state.

Roadblocks to Efficient Transportation

Autos, Transit, and Cities.
By John R. Meyer and Jose A. Gomez-Ibanez.
Cambridge Mass: Harvard University Press. 1981. 360 pp. $20.00.

Reviewed by Mary Gingell

After reading *Autos, Transit, and Cities*, I am convinced that the authors are not free-market economists per se. In other words, they do not recommend a free-market solution to a public policy problem because they personally believe that the free market is the most equitable method for allocating resources. Instead, they rigorously analyze as much data as possible, trying, without any preconceived notions, to determine the most efficient and effective way to solve the questions under study.

The questions? Should automobile use be encouraged or discouraged? How can the automobile be improved so as to better serve urban transportation needs? How does transit policy affect land use? How can aesthetic values be balanced with progress? How can traffic congestion be relieved? How can the transportation needs of the poor, elderly, and handicapped be met? In analyzing these areas, the authors debunk many long-standing myths of the effects of US transportation policy since World War II and develop a comprehensive set of alternative policies.

The authors first review the history of governmental policies in the areas of urban roads and public transit. For example, the federal government built highways with tax money in the 1950s and early 1960s in order to reduce auto congestion. But the public responded by buying more autos and moving farther away from the central city—creating a need for still longer and wider highways. Congestion increased, and in the late 1960s policymakers switched their focus and their funds to mass transit in an attempt to get people out of their cars. Finally, in the 1970s environmental issues such as air pollution came to the fore, and the government channeled tax dollars to the EPA to try to solve that problem.

Meyer and Gomez-Ibanez conclude, first of all, that the federal government's attempt to solve only one problem at a time was too simplistic an approach and that a "sustained, systematic, simultaneous effort on many fronts" is really needed. Second, they conclude that more realistic pricing to reflect the true cost of services used must be a key element in any new approach to the urban transportation problem.

The authors then suggest some specific changes. Costs of conventional mass transportation could be reduced through improved productivity. Service could be enhanced by making better use of the various forms of paratransit, such as dial-a-ride, taxis, jitneys, and car pooling.

However, certain roadblocks to implementing these changes exist. Labor productivity can be improved by using part-time drivers for other tasks during off-peak hours, substituting capital for labor, and contracting out certain tasks. But this could be done with much greater

flexibility if federally mandated labor protection clauses that now burden most transportation systems were removed. Route structures can be oriented toward consumer demand by removing resources from low-ridership routes and concentrating efforts on high-density corridors—but only if local governmental controls over route changes and line abandonments are eased. Paratransit, such as taxis or jitneys, would be available to supplement conventional 40-foot buses if regulation over entry and competition in these industries were eased. Changes in prices for transit services are currently subject to similar local government constraints.

In the authors' discussion of the various policy issues mentioned earlier, some interesting facts emerge. For example, federal mileage standards are not the cause of recent mpg improvements in cars. The authors marshal data showing the market price of gasoline effectively encouraged energy conservation through better mileage regardless of what was ordered by the government.

Meyer and Gomez-Ibanez also say that, for various reasons, the automobile is here to stay as the major urban transportation vehicle. Tolls, parking fees, and other peak-period pricing schemes are examined as potential ways to charge consumers for their part in increasing congestion on highways and downtown streets during times of heaviest usage. While the authors seem to favor such approaches because they help consumers realize the full costs of their road usage, they acknowledge that it is difficult to convince local politicians to accept such plans for a publicly operated highway, unless a plan can be designed that would seemingly benefit all constituents (so that no votes are lost).

If the authors were full-fledged laissez-faire adherents, they would have pointed out at this juncture a major difference between public and private roads. When highways are run by governments, the political incentives are overwhelmingly against economically sensible policies. The peak-load pricing proposals that they discuss have been recommended for decades by economists. Nothing mechanical, technological, or budgetary really prevents their adoption on public

Book Hints

a selective mention of books received for review

The development of nuclear energy promises to remain one of the most controversial issues of the 1980s. In *Nuclear Reactor Safety: On the History of the Regulatory Process* (Madison, Wisc.: University of Wisconsin Press, 1981, 370 pp., $29.50), David Okrent provides both a history of lightwater reactor safety and an informative discussion of the regulatory process that governs nuclear reactor safety. An attempt at objectivity regarding the merits of nuclear energy appears in *Nuclear Power in Perspective* (New York: Nichols Publishing, 1982, 214 pp., $25.00) by Eric Addinall and Henry Ellington, both experts in the field of nuclear energy. *The Necessity for Nuclear Power* (London: Graham and Trotman, 1981, 250 pp., US distribution by Crane, Russak & Co., New York, $19.00), by Geoffrey Greenhalgh, offers an unequivocally positive assessment of nuclear power. Of particular interest is Greenhalgh's discussion of nuclear power in relation to developing countries and communist states, as well as the United States and Western Europe.

Another book written from an international perspective is Bertrand Goldschmidt's *The Atomic Complex: A Worldwide Political History of Nuclear Energy* (La Grange Park, Ill.: American Nuclear Society, 1982, 479 pp., $31.00/$24.00), in which the author, a strong advocate of nuclear energy, relates the historical-political interplay that resulted in the development of nuclear energy. Goldschmidt, once an assistant to Marie Curie, eventually became chairman of the board of the International Atomic Energy Agency, eminently qualifying him to disclose the intimate details of the struggles to develop nuclear power. Also written from an international perspective is William C. Potter's *Nuclear Power and Nonproliferation* (Cambridge, Mass.: Oelgeschlager, Gunn & Hain, 1982, 281 pp., $25.00/$9.95), which provides an analysis of the historical, technical, economic, and political components of the nuclear power and proliferation debate.

Russian Roulette (New York: New York Times Books, 1982, 248 pp., $14.95) presents a unique dialogue between the author, Arthur M. Cox, and Georgy Arbatov, the foremost Soviet expert on the United States and a close advisor to Brezhnev, regarding the nuclear arms race. The author argues that there is no such thing as survival in the event of a superpower nuclear war and proposes a negotiation format to which the Soviet expert responds.

For those interested in other aspects of the Soviet Union, two monographs should be noted. The Institute of Economic Affairs has published an essay by Philip Vander Elst, *Capitalist Technology for Soviet Survival* (London, 1981, 63 pp., distributed by Transatlantic Books, $5.95 paper), in which the author argues that technology from Western capitalist countries accounts, in large measure, for whatever meager economic progress the Soviet Union has made. In the other monograph, *The Peace Movement and the Soviet Union* (New York: Orwell Press, 1982, 57 pp., $1.25 paper), Vladimir Bukovsky, a leading Soviet dissident now living in England, contends that peace is impossible while 400 million people in Eastern Europe remain enslaved.

On an entirely different note, those eager to explore the moral issues surrounding the treatment of animals by human beings might wish to pick up Tom Regan's *All That Dwell Therein* (Berkeley and Los Angeles: University of California Press, 1982, 249 pp., $15.95). Regan is the best of the lot writing on this topic, though one might take issue with his predilection toward animals as a kind of altruistic extremism. Regan has also coedited with Donald VanDeVeer *And Justice for All: New Introductory Essays in Ethics and Public Policy* (Totowa, N.J.: Rowman and Littlefield, 1982, 310 pp., $29.50/$10.85), which covers a variety of ethical questions concerning, among other things, paternalism, reverse discrimination, genetic engineering, human rights, and justice. Libertarian thought is explicitly addressed in several of the essays, though the assessment is critical.

—L. S.

HEALTH & WELFARE

(Continued from p. 50)

centration, reaction time, and attention. Taking the vasopressin can partially compensate for the mental and physical deficits created by alcohol. Unless you are drinking to forget, vasopressin does not interfere with the relaxation and euphoria induced by alcohol. Cannabis (marijuana), well known for causing a decrement in short-term memory (especially in novice users), also inhibits vasopressin release.

One of the brain's messengers that stimulates the release of vasopressin is acetylcholine. The action of this substance contributes to our understanding of the effects of such nutrients as choline and lecithin, which are chemically converted by the brain into acetylcholine and have also been reported to improve memory and learning, as we discussed in our September column.

A list of scientific literature on this topic is available through REASON. *Send a stamped, self-addressed envelope and ask for H&W references, November.*

Durk Pearson and Sandy Shaw are consulting scientists and authors of the current bestseller Life Extension *(Warner Books).*

highways. But they have not been adopted. In contrast, on privately owned highways, the natural effect of commercial incentives would lead directly to the adoption of these policies. Meyer and Gomez-Ibanez fail to make this point, and it is one of the drawbacks of this book that the virtues of a regime of private property are largely neglected.

Even when all other arguments are rebutted, publicly subsidized transit is still defended by some on the grounds that society has a responsibility to provide basic transportation to the poor, elderly, and handicapped. But Meyer and Gomez-Ibanez examine the results of many public transit projects that were justified on these grounds and conclude that this argument is essentially a red herring. Few of these people actually benefit from the transit systems being provided, and many could be better off if, for example, competition were allowed to flourish in the taxi industry.

Having analyzed key policy areas in detail, Meyer and Gomez-Ibanez draw an overall conclusion that the marketplace *can* respond to transportation needs. The key to reducing transportation costs and problems, they note in their final paragraph,

> *is achieving* disciplined *use of the different transportation modes—having each do what it does best. In Western societies, market prices conventionally perform this discipline or allocative chore. The central public policy issue is whether society wishes to use market prices to a greater extent for this purpose or to proceed on the historical path of using arbitrary government allocations instead, with all the attendant waste of resources that almost surely will ensue.*

There are two necessary ingredients in a full solution to the transit problem. One is a public that is aroused and upset by government-created crises in transportation and other areas and seeks to restore liberty and private property in order to end these crises. The other is knowledge and confidence among professionals, specialists, and opinionmakers that the market works. *Autos, Transit, and Cities* shows that the market can work in urban transportation if it is allowed to. Although the proposals in the book fall considerably short of full privatization of America's urban transportation system, implementation of the book's recommendations would be a significant step in the right direction.

Mary Gingell received her M.B.A. from Harvard in 1981. She is manager of commuter services for the Southern Pacific Transportation Company.

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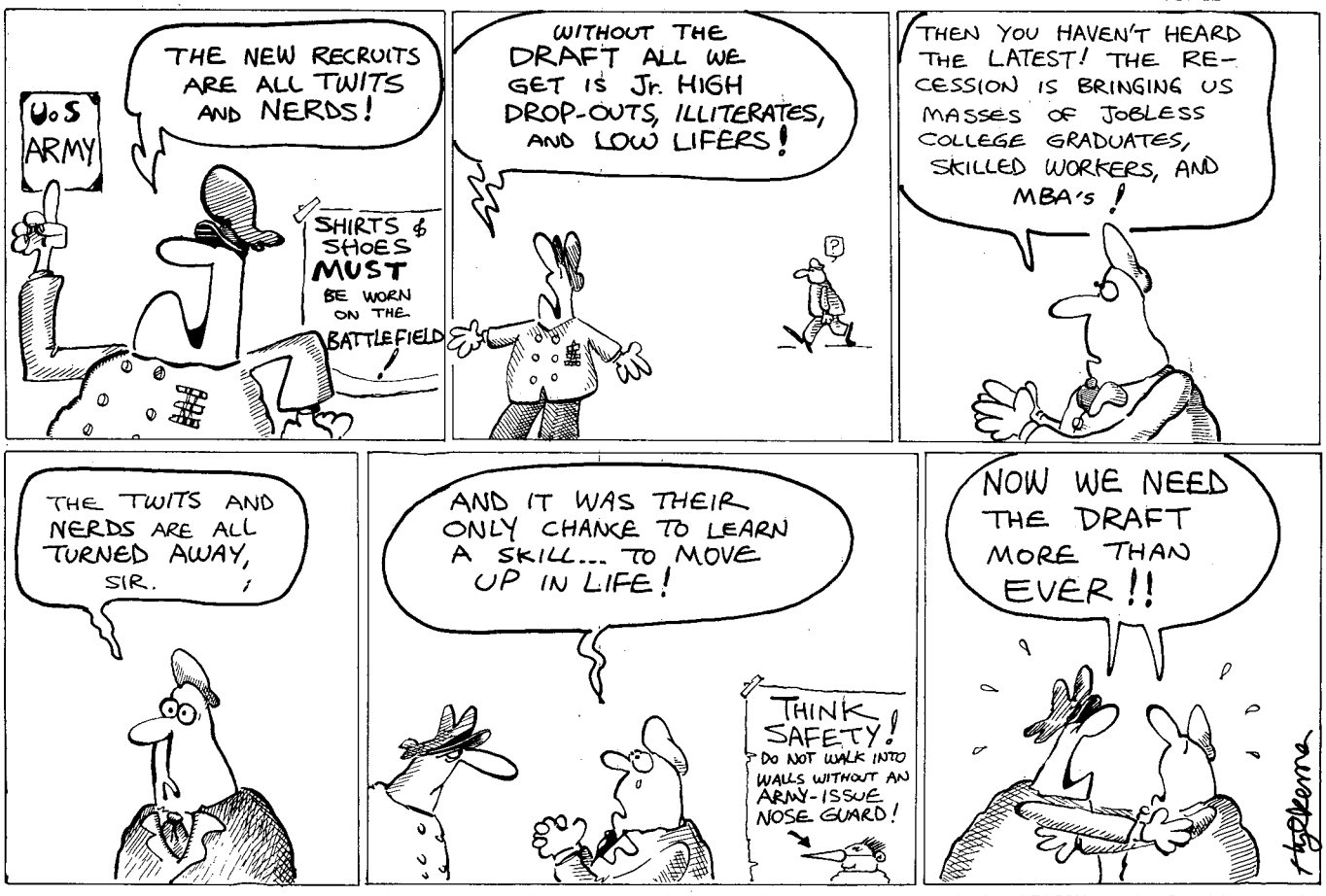
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WITHOUT THE DRAFT ALL WE GET IS Jr. HIGH DROP-OUTS, ILLITERATES, AND LOW LIFERS!
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rkhylkema

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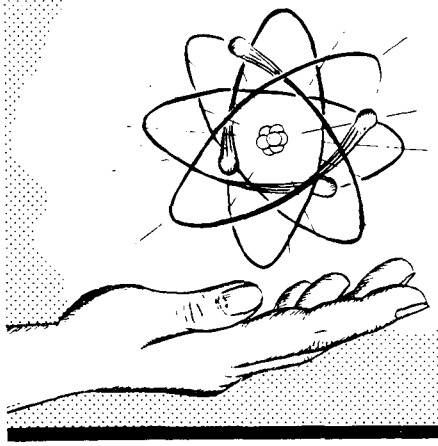

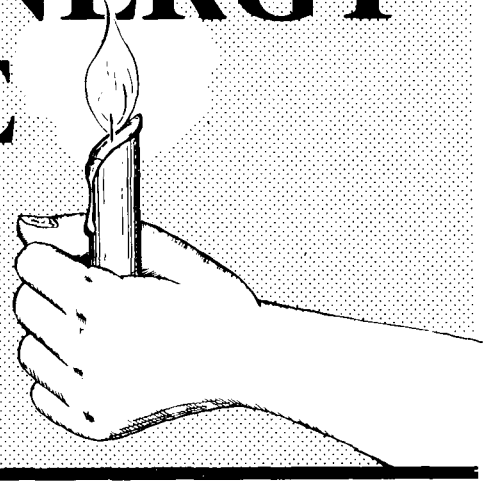

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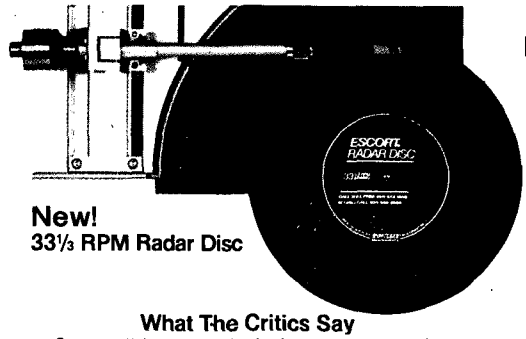

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